

CITY OF MANCHESTER NEW HAMPSHIRE



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1998

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

TABLE OF CONTENTS

	<u>Page Number</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1
Organizational Chart	15
City Officials	16
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	17
General Purpose Financial Statements	
Combined Balance Sheets - All Fund Types, Account Groups and Discretely Presented Component Units	20
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis)	27
Combined Statement of Revenues, Expenses and Changes in Equity/ Retained Earnings/Fund Balances - All Proprietary Fund Types, Similiar Trust Funds and Discretely Presented Component Units	28
Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds and Discretely Presented Component Units	30
Notes to General Purpose Financial Statements	35
Combining Financial Statements and Schedules	
General Fund:	
Comparative Combined Balance Sheets	71
Schedule of Revenues and Other Sources - Budget and Actual (Budget Basis)	72
Statement of Expenditures, Encumbrances and Other Uses - Budget and Actual (Budget Basis)	78
Special Revenue Funds:	
Combining Balance Sheets	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

TABLE OF CONTENTS

	<u>Page Number</u>
Enterprise Funds:	
Combining Balance Sheets	88
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	90
Combining Statement of Cash Flows	92
Fiduciary Fund Types:	
Combining Balance Sheets	96
Combining Statement of Revenues, Expenses and Changes in Fund Balances	98
Combining Statement of Cash Flows	100
Combining Statement of Changes in Assets and Liabilities - Agency Funds	101
Discrete Component Units:	
Combining Balance Sheets	103
Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances	104
Statement of Cash Flows	105
General Fixed Assets Account Group:	
Schedule of General Fixed Assets - By Source	107
Schedule of General Fixed Assets - By Function and Activity	108
Schedule of Changes in General Fixed Assets - By Function and Activity	109
<u>STATISTICAL SECTION</u>	
General Governmental Expenditures by Function	Table I 112
General Governmental Revenues by Source	Table II 114
Property Tax Levies and Collections	Table III 116
Assessed and Estimated Actual Value of Taxable Property	Table IV 118
	Table V 120
Property Tax Rates	Table VI 122
Computation of Legal Debt Margin	Table VII 123

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

TABLE OF CONTENTS

		<u>Page</u> <u>Number</u>
<u>STATISTICAL SECTION</u> (continued)		
Bonded Debt Per Capita	Table VIII	124
Debt to Total General Governmental Expenditures	Table IX	126
Computation of Direct and Overlapping Debt	Table X	127
Revenue Bond Coverage	Table XI	128
Ratio of Bonded Debt Expenditures to Local Revenues	Table XII	130
Demographic Statistics	Table XIII	131
Property Value, Construction, Bank Deposits and Airport Tonnage	Table XIV	132
Principal Taxpayers	Table XV	133
Governmental Expenditures Per Capita	Table XVI	134
Miscellaneous Statistics	Table XVII	136



This Page Intentionally Left Blank

INTRODUCTORY SECTION



City of Manchester
Department of Finance

City Hall
908 Elm Street
Manchester, New Hampshire 03101
(603) 624-6460
(603) 624-6459

Kevin A. Clougherty
Finance Officer

Honorable Board of Mayor and Aldermen
City of Manchester, New Hampshire

The Comprehensive Annual Financial Report ("CAFR") of the City of Manchester, New Hampshire for the year ended June 30, 1998 is presented for your review. This report was prepared by the Finance Department. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects. The data is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs has been made.

In spite of a strong economy, Manchester ended Fiscal Year 1998 with an undesignated Fund balance of only \$433,610 with \$570,768 being deposited to the "rainy day fund".

This was the year that education dominated the local and State scene. Locally, the Manchester School District has filed suit in Superior Court to clarify its relationship with the City in light of Charter Amendments adopted in 1997. The suit also involves the way in which the City has accounted for school expenditures of approximately \$1,250,000 in excess of appropriations in Fiscal Year 1998. Much of the overspending appears related to federally mandated Special Education (SPED) and English as a Second Language (ESL) programs. The City of Manchester continues to be the settlement area for over 95% of the State's refugee population with little Federal/State financial assistance. However, school officials believe that disclosure and financial reporting, especially relating to the property tax rate setting process needs to be clarified.

A ruling by the NH State Supreme Court that the property tax system in place to fund local education was unconstitutional is yet to be remedied. Given New Hampshire has no broadbased taxes, a major legislative debate over how to fund local education has resulted. Failure to find a legislative solution before April 15, 1999 poses a very serious disruption problem for the school year beginning in July 1999.

Needless to say, had there not been shortfalls in school-related revenue and overexpenditures in School line-items, the City's undesignated fund balance would have been considerably higher. In an effort to ensure that Fiscal Year 1999 is not a recurrence, a joint resolution was adopted by the School Board and Board of Mayor and Aldermen (BMA) containing specific remedial action. Included in the resolution was the establishment of a bi-weekly oversight committee and General Fund reimbursement, where appropriate.

City of Manchester
1998 Comprehensive Annual Financial Report

The attention of every city and town official in New Hampshire is anxiously focused on the Legislature as the drama of the Claremont Lawsuit and the future of school funding is reshaped for the State. However, officials in Manchester, although attentive and participatory to this important legislative process, have not lost sight of the importance of undertaking and completing other local municipal initiatives and economic development projects. It is this City's ability to look beyond immediate challenges to a broader vision of the future and accomplish goals on a variety of fronts that distinguishes Manchester, New Hampshire as one of the most attractive cities in America.

Management Initiatives

Fiscal Year 1998 was a transition year as the City continued with the installation and implementation of management and economic development initiatives targeted for the year 2000. As the City prepares for the millenium and beyond, its ability to apply state-of-the-art technology and to compete economically will be crucial to attracting and retaining businesses and relieving the pressure on residential property tax bills. It is to this end that several major initiatives are being undertaken.

Accounting and Financial Reporting System Prior to July 1, 1997, the City relied on multiple systems operated on various platforms, none of which was Year 2000 compatible. Fiscal Year 1998 was the initial year of operation of a comprehensive accounting/financial package run on an IBM AS400. The software purchased from the Orlando, Florida based HTE Corporation began operation July 1, 1997. The software will allow the City to implement central accounting and purchasing economies should Manchester decide to move in that direction. The system consolidates the prior multiple accounting, payroll, and reporting functions. As expected, the transition has been difficult on many fronts. Given that the system is much more sophisticated than its predecessors, and that the City has chosen to remain decentralized administratively, the learning curve in each department has varied radically. While some departments readily adapted to the new system, others did not. There were, of course, other contributing factors, such as turnover in administrative positions that exacerbated the problems in some departments. In any event, the City ended Fiscal Year 1998 with the system operational. As one would expect, due to installation and inexperience with a new system the fiscal year-end closing represented a tremendous reconciliation challenge that will undoubtedly continue into the next fiscal year. Unlike the City's previously unblemished management letter and audit reports, this year's reports include numerous areas for improvement primarily related to the installation of the new computer system. I concur with the auditor's findings and will be working with the Board of Mayor and Aldermen and various City departments to ensure that their findings are addressed and resolved in a timely fashion. Moving forward into Fiscal Year 1999 the emphasis on the system will shift from a concentration on data input to expanded reporting through customized reports. That the system will be fully debugged and efficient by the year 2000 is still a reasonable goal and expectation.

City of Manchester
1998 Comprehensive Annual Financial Report

Reclassification Study The Fiscal Year 1998 budget adopted by the Board of Mayor and Aldermen contained funding for an updating of the City's classification/compensation systems. Acting through the Human Resources Department and in conjunction with the City's Quality Management Team the consulting firm of Yarger Decker and Associates, Inc. (Yarger Decker) was selected to perform the reclassification study.

The study recommended reducing the number of classes of positions by 43% (from 550 to 314 or a reduction of 236 classes) by broadening class concepts; updating the City's class specifications (i.e., job descriptions) to make them current in terms of duties and responsibilities, education and experience requirements, mandatory knowledge, skills and abilities and consistent with the American with Disabilities Act (ADA); assigning all City positions to appropriate classes of positions; and providing new and updated regulations for the administration and maintenance of the position classification plan.

With respect to the City's Pay Plan, Yarger Decker recommended: replacing the City's numerous separate pay schedules with a single consolidated pay schedule so that all employees (both affiliated and non-affiliated) are assigned to the same pay schedule for easier pay comparisons and payroll administration; assigning classes of positions to pay grades based on the relative value of positions to the City with a simple and easy to administer system for maintaining internal pay equity among classes of positions; establishing minimum and maximum rates of pay for each class of positions that are highly competitive with comparable public and private employers in both the state of New Hampshire and the New England region; providing the City with a system that rewards City employees on the basis of their performance, knowledge and skills rather than strictly on the basis of years of service; slowing the growth of future payroll increases approximately 1.2% by providing annual pay increases of 3% (based on performance) rather than the City's current 4.2% annual average; improving the City longevity incentives by spreading equal longevity incentives over a 35-year period rather than front-loading such incentives and by providing 3% longevity base-pay additions each 5 years. While the cost of flattening longevity incentives will result in an increase of one-half percent in longevity incentive costs, with the savings realized in the reductions in average annual base pay increases this cost will be incorporated in such savings; providing designations for each class of positions consistent with the Fair Labor Standards Act. Overtime pay is eliminated for approximately 36 classes of positions; eliminating stand-by and on-call pay for Federal Labor Standards Act (FLSA)-exempt classes of positions, unless such classes of positions are provided such pay within the terms of an existing collective bargaining contract; and providing new and updated regulations for the administration and maintenance of the pay plan.

The consultant recommendation relating to employee benefits included: placing all Department Heads and Assistant Department Heads on a 40-hour work week and recommends a 40-hour work week for most City employees within 24 months; updating

City of Manchester
1998 Comprehensive Annual Financial Report

the City's vacation policies to make them consistent with other public and private employers in the market; it also recommended a series of technical changes in sick leave policies to make them more competitive with the market; recommended that the City explore the costs of providing long-term disability benefits to its employees; recommended that the City reduce its waiting period for employee health insurance from 180 days to no more than 30 days; recommended that the City explore the potential for increasing the level of employee life insurance coverage to at least the employee's annual base pay to include accidental death and dismemberment as part of the coverage; recommended that the City differentiate its total reimbursement amounts between graduate and undergraduate school credits.

The consultants also recommended the establishment of an appeals process to allow the Project Oversight Committee to hear appeals relating to FLSA issues and clear position allocation mistakes and improper assignments to pay grades based on class specifications and for the Project Oversight Committee to make related recommendations to the Board of Mayor and Aldermen.

The BMA adopted the Yarger Decker study and it is being implemented over a two-year period beginning in Fiscal Year 1999.

Economic Development

In addition to the management initiatives highlighted, several economic development projects previously authorized by the Board of Mayor and Aldermen made substantial progress and other projects were initiated.

Manchester Air Park This project continues to attract new companies that create jobs and improve the tax base of the City. Through September 30, 1998 there have been 16 lots (57.62 acres) sold and initial offers or options have been placed on two additional lots (4.01 acres). New construction either completed or in progress amounts to 327,600 square feet, and the companies involved have created 337 new jobs.

Revolving Loan Fund (RLF) The Board of Mayor and Aldermen appointed five private sector individuals to serve on the loan review committee for this program, which is operated by the Manchester Economic Development Office. As of the end of October 1998, six loans totaling \$296,000 had been made through the RLF. The businesses assisted include three restaurants, an auto body repair franchise, a manufacturer of mixing systems, and an environmental audit service. Four of these are located in the Center City. These firms will create a total of 88 new full-time equivalent jobs over the next several years. Another loan for \$100,000 has been approved but not yet closed.

City of Manchester
1998 Comprehensive Annual Financial Report

Foreign Trade Zone An application for an expansion of the existing General Purpose Foreign Trade Zone at the Manchester Airport, prepared as a joint effort among the economic development offices of the City of Manchester and the Town of Londonderry and the Regional Economic Development Initiative of the Greater Manchester Chamber of Commerce, will likely be withdrawn due to changes in federal regulations governing the process of boundary modifications in existing Foreign Trade Zones. New regulations would allow the Zone Grantee to modify the existing zone for new business users in a timely fashion, diminishing the necessity of expanding the zone.

Business Expansions The Manchester economy continues robust as evidenced by new construction undertaken in Fiscal Year 1998 by businesses of all types. In the manufacturing sector, Great State Beverages has proposed a 30,400 square feet addition to their existing distribution center; new construction by J.L.J. Properties (11,000 square feet), and Cryo Industries (9,800 square feet) is underway in the Manchester Air Park; Portland Welding is proposing a 12,000 square feet facility; Cotter & Company (True Value) has proposed a 187,000 square feet addition to their existing facility; two manufacturing/warehousing buildings (20,000 square feet and 37,800 square feet) have been proposed for the East Industrial Zone; and a multi-tenant industrial speculative building (14,200 square feet) will be constructed near the Manchester Airport. Construction is also underway on an 87,000 square feet office and hangar complex at the Manchester Airport by Wiggins Aviation. The retail/service sector has seen several new facilities constructed, including a Rite Aid pharmacy, a Walgreen's pharmacy, a McDonald's restaurant, and a Monroe Muffler repair facility. New facilities in the hospitality sector include a 100-room Microtel. A 17,680-square feet addition to the athletic center at New Hampshire College has also been proposed.

University of New Hampshire Working with various City of Manchester representatives, University of New Hampshire officials have proceeded with a plan to consolidate the University of New Hampshire at Manchester facilities in a renovated mill building in the Amoskeag Millyard, located adjacent to Manchester's downtown, and for the City to acquire 835 acres of University-owned land in the northwest part of the City for business development. A purchase and sales agreement has been signed. Closing occurred in early 1999.

Facade Improvement Program The City's Community Improvement Program budget allocated \$60,000 in Fiscal Year 1999 to Intown Manchester Management for the continuance of a facade improvement matching grant program (to a maximum of \$7,500 per grant) for businesses in the downtown area. Coupled with this, seven area banks each designated \$200,000 to be used for providing low interest building improvement loans to downtown businesses. The grant funds were fully allocated to 14 projects; the banks have made five loans totaling \$245,000.

City of Manchester
1998 Comprehensive Annual Financial Report

Civic Center In November 1998 a referendum question about whether to build a Civic Center in downtown Manchester was approved by voters (53% in favor). Final site approval and agreements on contracts with architects HOK Sport and Lavallee Brensinger and with Ogden Entertainment for provision of management/concession services are underway. Approximately 20% of the financing for the Civic Center will come from private sources. The increase in the City's portion of the State Rooms and Meals Tax revenues over the next 20 years will repay the public bonds. Discussions with a number of American Hockey League franchises by a group of local owners are ongoing. Action by the Board of Mayor and Aldermen to authorize \$50 million in bonding authority was approved in early December. The projected opening date is October 2001.

Business Development The Amoskeag Small Business Incubator, a joint venture between the City of Manchester and New Hampshire College, now has fourteen business tenants, with several others under consideration, potentially fully-occupying the incubator space. An option to lease an additional 24,000 square feet of adjacent space in the same building may be available if needed. The SBA-funded Women's Business Center and a satellite office of the New Hampshire Office of State Planning recently opened in the incubator, and a Business Information Center of the U.S. Small Business Administration will locate there next year.

Surplus/Tax Deeded City Property A former school administration building remains under agreement to the Sargent Museum while the City and State work to resolve issues discovered in an environmental assessment. Also, a fire-damaged downtown retail/office building will be rehabilitated utilizing a \$1 million grant from the U.S. Department of Commerce Economic Development Administration and a \$1.3 million Section 108 Loan Guarantee from the U.S. Department of Housing and Urban Development. A non-profit entity will rehabilitate and manage the building, with payments in lieu of taxes being made to the City. This building will be rehabilitated to standards approved by the City, creating new employment and economic activity in the central business district.

Downtown Development The Manchester Development Corporation, the City's not-for-profit development entity, owns a key 1.58 acre parcel of vacant land at the north end of the central business district and is proceeding with an effort to recruit major users and/or a private developer for this site, which will have up to 200,000 square feet of office/retail space.

Riverwalk A group of private citizens, with financial support from the City and private sources, has embarked on a multi-phase plan to construct a lighted Riverwalk along the Merrimack River in the City's downtown. Groundbreaking for Phase I was held in October 1998, and subsequent phases of the 1.6-mile project will proceed as funding sources are identified.

City of Manchester
1998 Comprehensive Annual Financial Report

Improvements to Basic Services

Archives Initiative The Office of the City Clerk is currently processing and rehousing selected municipal records dating back to the 1840s in anticipation of the opening of the Department's new archives and records center in a renovated City Hall in early 1999. The project has been supported by grants from the National Historical Publications and Records Commission (NHPRC), the Norwin S. and Elizabeth N. Bean Foundation, the Samuel P. Hunt Foundation, the Ann DeNicola Trust, and the Parker Nelson Foundation, as well as from the City. The Library of Congress has begun cataloguing the City's holdings in its National Union Catalog of Manuscript Collections and researchers will be able to look at the collections on-line via the Library's web page at lcweb.loc.gov/coll/nucmc and through the RLIN Gateway.

Records Access Updating The Office of the City Clerk is currently developing updated records of traffic regulations to allow easy access to information. Active regulations relating to standing, stopping, parking of vehicles on City streets dating from 1947 to present have been placed in a computerized format for easy access. The Office of the City Clerk is working toward a total update of the 1947 ordinance regulating traffic on the City streets.

The Office of the City Clerk is also updating the Streets, Bridges, and Highways records for easier access to information by the public.

City Hall Restoration City Hall and the former Annex have been part of a major renovation project over the last two years. In support of the efforts, members of the community came forward raising over \$225,000 in private funds toward preservation and restorative efforts. The full tab of \$6.2 million encompasses complete renovation of the two buildings now joined into one complex, meeting federal ADA compliance, and preserving some of the original architecture, with all new furnishings. Although it was fully occupied by December 1998, "One City Hall Plaza" celebrated its grand opening in March 1999, in conjunction with St. Patrick's Day celebrations, as a tribute to the community.

Fire Department During Fiscal Year 1998 the Fire Department continued to upgrade the City's new 800 mhz radio system, placing the radio consoles for Fire and Police Department online. In addition, the department's new Information Management System was upgraded with new emergency dispatch functions placed on line. This included a new computer linked with the State's enhanced 9-1-1 Public Safety Answering Point in Concord, so that emergency number and location information is received in the Manchester center simultaneously.

City of Manchester
1998 Comprehensive Annual Financial Report

The department also received approval for, purchased, and placed in service 18 new Automated External Defibrillators, for the fire apparatus, for responses to medical emergencies involving heart attacks.

Renovations to the Central Fire Station continued and funds were approved and work started on the renovation/construction of the Somerville Street Fire Station.

Public Health The Health Department works closely with other City Departments, community health and social agencies, area hospitals, health care providers and insurers on measures to improve the health of the public. Manchester was selected to be one of the forty-one communities nationwide to receive funding through the Robert Wood Johnson/Kellogg Foundation *Turning Point: Collaborating for the Next Century in Public Health* project. This funding is enabling the City to establish collaborative community strategies to address today's public health concerns, and to redesign public health programs to achieve a healthy community.

The department recently spearheaded the establishment of a United Way Healthy Manchester Coordinating Council (UWHMCC) to work closely with its Public Health Assessment and Improvement Program. The UWHMCC, which is permanently chaired by the Deputy Health Officer, insures collaboration between the many community agencies and providers that provide health and social services. The Health Department assesses public health issues, convenes the UWHMCC to develop community strategies, and makes recommendations to the community on actions that will allow the community to anticipate and act on public health issues before they become public health problems.

The US Environmental Protection Agency (EPA) has designated Manchester an EPA Child Health Champion Community. One of ten such communities nationwide to receive this recognition, Manchester was awarded \$135,000 to further its work towards creating a healthy environment for children. Several community agencies will complete projects designed to improve the environments in which center city children reside.

Elderly Services In November 1986 the City cemented its commitment to its senior citizens by establishing Elderly Services as a department. The City has had the foresight to look ahead and plan for our growing population. Today, the department not only continues to administer two senior centers to prevent isolation, but it also provides case management for those seeking help with human services. The Centers had more than 30,000 visits last year and the programs served 1,162 people in need of help with daily living. The department is a station for the Senior Companion Program, helping seniors remain in their home and retain their independence. The department is involved in service coordination with the many agencies that provide services to seniors. Through this effective coordination, in 1998 the department developed and refined an intergenerational program. Y.E.S. (Youth Enriched by Seniors) that will begin in January 1999 in the Manchester Elementary School System. The department continues to plan and implement those programs that protect the dignity and quality of life for senior citizens.

City of Manchester
1998 Comprehensive Annual Financial Report

Enterprise Operations

Manchester Airport Authority

Financial Performance The Manchester Airport experienced a sound financial year with strong gains in revenue, particularly parking, concessions, and landing fee revenues. Cost containment played a major role in management decision making. The airport has been reorganized on all fronts as a key economic engine, not only for the City of Manchester, but also for the entire state. The airport's financial health is becoming more robust with each passing year.

Passenger Boardings Manchester Airport has continued its record-breaking pace of increased passenger enplanements this past fiscal year, up from 520,567 in Fiscal Year 1997 to 630,809. In terms of total passengers (enplanements and deplanements), Manchester Airport documented a total of 1,249,080 passengers this year—the second straight year for a million passengers at the airport, and this growth is continuing. As the fastest growing airport in New England since 1971, the airport's passenger base continues to expand as more and more passengers recognize its ease and convenience and continue to choose Manchester in record numbers.

Cargo Tonnage UPS, FEDEX, and Airborne Express anchor Manchester Airport's rapidly increasing cargo activity. Fiscal Year 1998 activity grew significantly to 65,381 tons of freight shipped versus 56,601 tons in Fiscal Year 1997. FEDEX and UPS are each utilizing wide-body aircraft at their Manchester facilities. This brings tremendous additional lift and cargo capacity to Manchester. Current tonnage shipped indicates that this next fiscal year will again be a banner year. The airport's cargo activities have been recognized by leading shippers industry-wide. In fact, Manchester Airport is the third largest cargo airport in all of New England, processing more air cargo than Portland, Providence, Pease, and Burlington combined. Construction of the new cargo facility was completed and this facility is now operational.

Increased Airline Service Three major airlines added service in June 1998. Northwest added three non-stop flights a day to Detroit while Metrojet, the USAirways low-cost carrier, added five non-stop flights a day to Baltimore-Washington. The most significant addition of service, however, began with a long-awaited arrival of Southwest Airlines to Manchester Airport. Southwest operates 12 non-stop flights a day to the following destinations: Baltimore-Washington (8), Chicago-Midway (2), Orlando (1), and Nashville (1). The response to these additions of service has exceeded all expectations with passenger boardings doubling overnight. As the fiscal year ended, Manchester Airport was pursuing additional increases in service with new airlines as well as established carriers.

City of Manchester
1998 Comprehensive Annual Financial Report

Capital Improvements/Master Plan Update The Airport began and continued ledge removal in the approach to Runway 24. This project consists of removing approximately 1 million cubic yards of ledge from the Runway 24 end, resulting in safety area improvements and the ability to extend the runway, and placing the ledge in the approach to Runway 35 to accommodate the future extension of that runway. This is the first phase of the Runway 6/24 project, which will ultimately lengthen the runway by nearly 2,000 feet. The Little Cohas Brook relocation was nearly completed and will be completed early in Fiscal Year 1999. This project involves the placing of approximately 1,500 feet of the brook into a tunnel and is essential to the future extension of the airport's main runway. Additional operations space was constructed in the existing terminal building tugway to accommodate both Northwest and Southwest Airlines. Complete renovation and expansion of the Ammon Center Parking Lot, now officially designated as Parking Lot "D" was completed in 27 days. This project added approximately 600 parking spaces. Construction of Parking Lot "E", our economy parking lot was completed in the fall in anticipation of additional airlines coming to Manchester. The lot was opened in June providing approximately 640 additional parking spaces. An additional lane was constructed on Airport Road to provide for two lanes of traffic entering the airport from Brown Avenue. Two additional remote aircraft parking aprons were constructed to accommodate overnight parking for 5 additional jet aircraft. Site preparation was completed for the west end expansion of the terminal building. The relocation of Harvey Road was started. This project is required in order to extend Runway 24. Also, construction of interim parking lot "F" was begun to replace the daily parking lot "B" during the construction of the garage, scheduled for 1999.

Residential Sound Insulation Program In September 1997 the airport received additional funding in the form of a federal grant to continue its very successful program for reducing noise exposure to neighborhood homes located near the airport. The \$2.5 million federal grant, along with funding by the airport, will allow approximately 85 additional homes to be sound insulated. This program has been ongoing for several years and to-date over 330 homes have either been sound insulated or are in the process of being insulated.

Snow Removal Season Manchester Airport crews and equipment once again responded magnificently to the varieties of winter weather and the airport remained open throughout the winter without exception, despite the many snow, ice, and freezing rain storms.

Environmental Protection Division (EPD)

During Fiscal Year 1998 the Environmental Protection Division awarded construction contracts for the Cohas Brook Interceptor Sewer Phase I, Contract 1 and Contract 2 and the Primary Covers and Odor Control System at the Wastewater Treatment Plant. The construction costs for these projects is \$11 million, which is being funded through the State Revolving Loan Fund and a 20% State Grant.

City of Manchester
1998 Comprehensive Annual Financial Report

The EPD completed the Long Term Control Plan for Combined Sewer Overflows. The EPA has agreed to split the project in two (2) phases. Phase I will take 11 years and is estimated to cost \$58 million. The scope of Phase II will be determined as Phase I is completed.

Manchester Water Works

Water production for the year was up nearly 5% to 16.2 million gallons per day compared to 15.4 million gallons per day for 1996. This can be primarily attributed to the low precipitation, which for the 11 months ending in November was nearly nine inches below the 100-year average for that period. Correspondingly, revenue for the year was up over the 1997 budget amount. This additional revenue will allow for any thoughts of a general water rate increase to be put off for at least another year and it will allow for numerous capital projects to proceed on schedule.

From an operational standpoint, Fiscal Year 1998 was a very exciting year with many important and much needed projects either completed or underway. Foremost of these was the completion at the very end of the year of the \$2.1 million replacement of the 40 million-gallon per day raw water intake and pumping station. This facility will replace the outdated High Service Pumping Station, which was built on the shores of Lake Massabesic in 1894. It will significantly increase operating efficiency and reliability of this critical element of our water supply system.

In March 1997 the Board of Water Commissioners (BWC) awarded a professional service contract for a three-year project involving the design and resulting construction in three phases of upgrading of the City's major open reservoir systems. Underway during Fiscal Year 1998 was a construction contract for the rehabilitation of the Massabesic Street Booster Pumping System. This rehabilitation will provide the needed reserves during the time that the High Service Reservoir will be out of service in 1999. The contract provides design services for replacement of the floating reservoir cover system for the 4 million gallon High Service and 20 million gallon Low Service reservoirs. Both projects will be completed during 1998 in anticipation of the construction of a 9 million-gallon prestressed concrete tank to replace the existing High Service Reservoir.

Finally, the BWC awarded a \$734,454 contract to rehabilitate the carbon regeneration furnace located at the Water Treatment Plant. This nearly 20-year old facility has been instrumental in Manchester Water Works being able to produce water that meets a rapidly increasing number of complex state and federal water quality standards. With an effective life of this furnace of 15 to 20 years and a payback on the improvements of only five years, the department will realize a considerable savings in the continued operation of this facility.

In the distribution area, 1997 saw a considerable increase in the number of light commercial and industrial service applications indicated by a 150% increase in the

City of Manchester
1998 Comprehensive Annual Financial Report

number of fire sprinkler systems installed for the year at 50. Installation of domestic water services at 294 represents a 32% increase over the previous year and 1.1% of our total customer base. For the year nearly 14,000 feet of new water main was added to the system primarily in the large subdivisions located in south and east Manchester. In addition, nearly 9,000 feet of 100-year old cast iron water main was relaid. All of the replacement work was done by Manchester Water Work's own construction crews and the work was done whenever possible in conjunction with Manchester Highway Department road reconstruction projects. In May, the BWC awarded a contract for the cleaning and cement mortar lining of 11,000 feet of 6, 8, and 12" cast iron water mains. The four miles of rehabilitated main keeps the department on or 25-year schedule to upgrade all unlined cast iron water mains.

Parks and Recreation

Parks Division The City has continued to focus attention on the recreational facilities, which serve the Manchester School Department. A multi-year rehabilitation project of Livingston Park included the construction of a new 400-meter running track and athletic fields for Central High School. Work also began on the renovations of West Memorial Field. The 2.5 acre former Naval Reserve Center was obtained by the City and the buildings were demolished to make room for an expanded track and field complex, six tennis courts and a 100 car parking lot for West High School.

The School Recreational Facilities improvement program also continued this year with the renovations of Weston and Highland Goffs Falls Elementary Schools. Work included drainage improvements, expansion of parking, new playground equipment and landscaping.

Bronstein Park, one of Manchester's original Amoskeag Squares, was renovated this year with new lighting, walkways, benches and landscaping. This Downtown Park serves as a focal point for the immediate neighborhood and for Central High School which utilizes the park for band practice and physical education.

Improvements began this year for several neighborhood parks, with the replacement of playground equipment at Howe, Harriman, Stevens, and Wolfe Parks. Master Plan work also continued for proposed improvements at Precourt and Piscataquog River Parks.

Recreation Division A reorganization of the Parks and Recreation Department several years ago created an enterprise division for the revenue producing recreational facilities. This has enabled the department the begin developing plans for renovations of these facilities. A Master Plan was completed in May 1997 for the McIntyre Ski Area, and this year the initial project was designed. This work will include expansion of the parking facilities, entrance and access improvements, and new site lighting.

City of Manchester
1998 Comprehensive Annual Financial Report

A Master Plan for the Derryfield Country Club began in Fiscal Year 1998. This project includes a complete review of the golf course, maintenance facility, and clubhouse. A multi-year improvement plan will be developed to upgrade this sixty-five year old golf facility.

Planning of improvements for the department's two ice rinks began this year. Several projects have been identified for the JFK Coliseum including rehabilitation of the laminated arches, lighting system, and cleaning of the ceiling. A facility improvement plan was initiated for the West Side Arena to project future capital improvements and possible construction of an additional ice surface.

Cemetery Division The department acquired funding in Fiscal Year 1999 through Community Improvement to initiate three projects at the Pine Grove Cemetery. These projects include the installation of 192 niches within the Mausoleum; the design, planning, and construction of an outside columbarium; and engineering on the cemetery office and chapel. These projects will allow our City cemetery to offer the same services as those in the private sector.

Bond Issues and Credit Rating During Period
--

Fiscal Years 1997 and 1998 were strong economic periods in New England. During this period the City took advantage of its strong credit rating (Aa2) to undertake a variety of capital improvements at attractive interest rates. In early 1998 the City issued \$26,206,000 Public improvement bonds to finance renovations to City Hall, construct a new middle school, computer system upgrades and numerous other maintenance and construction projects. The total interest cost (TIC) of the bond issue was 4.6534%. In early Fiscal Year 1999 the City also issued \$124,275,000 Airport revenue bonds to finance terminal expansion, construction of a new 4,600 space parking garage and make a variety of runway and airfield improvements. The issued bonds that enjoyed insured ratings of Aaa from Moody's; AAA from S&P; and AAA from Fitch, respectively, resulted in a TIC of 4.816%.

While the economic picture and indicators point to a sustained economic picture, the City should be prepared to make adjustments in the fourth quarter of Fiscal Year 1999 in the event the economy softens.

It is expected that education will continue to dominate the state and local economic scene. How the New Hampshire General Court decides to adjust state tax policy to fund elementary and secondary education has enormous economic ramifications. Also, the timeliness of the legislation compliance with the Supreme Court's decision is critical to the continuity of services. In the event the legislature is unable to reach a legal solution to the Claremont Lawsuit, the local school districts could end up in disarray.

City of Manchester
1998 Comprehensive Annual Financial Report

Unlike other communities that are considered “property rich” and therefore receive little or no state assistance, the City receives funding from a variety of state assistance programs. Any restructuring at the state level is expected to preserve or increase the current level of education assistance provided. However, this is an issue that the City is monitoring closely in order to make accurate budget policy projections for Fiscal Year 2000 and beyond. The City needs to be cautious to the fact that any redistribution of limited state revenues to education may impact state assistance programs for other areas such as highways, airport, etc. In addition, any reduction in educational tax contributions at the local level may not automatically translate into funding availability for municipal programs.

It is expected that the economic health of the region will remain strong through at least the first three quarters of Fiscal Year 1999. The large capital investments at the airport, the Civic Center, and at Hackett Hill should help to create jobs and contribute to economic stability locally. However, the economic health of the City has to be measured against the tax and education funding uncertainty at the state level.

Acknowledgements

The preparation and production of this Comprehensive Annual Financial Report (CAFR) is a tribute to the City's Finance Department staff and to all of the department heads, payroll, and account clerks. I sincerely appreciate your devoted service and cooperation. The City's sound financial condition is directly attributable to your unheralded management efforts.

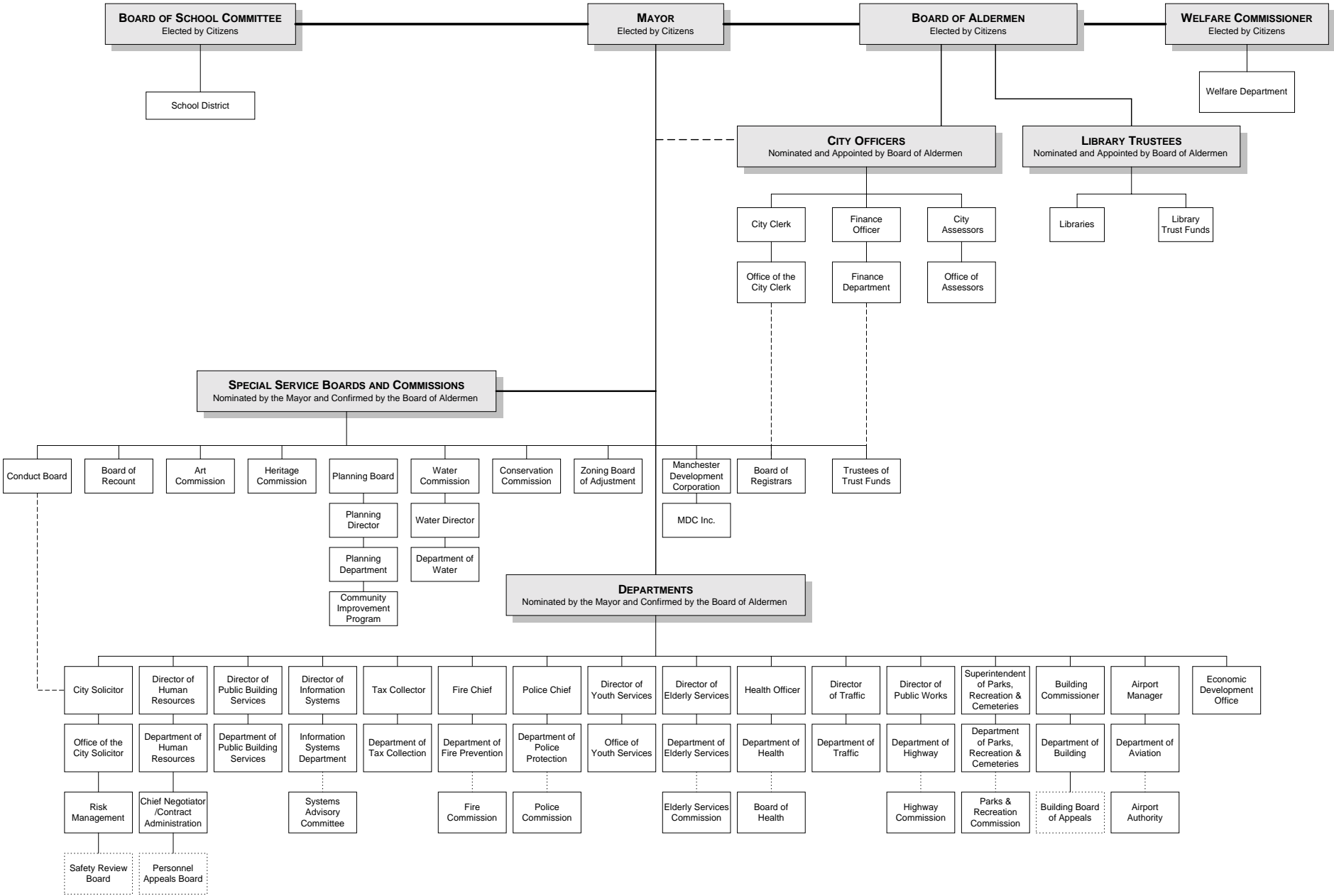
Thanks to all who contributed to this report and who continue on a day-to-day basis to ensure a high level of municipal services in a cost efficient manner.

Respectfully submitted,

Kevin A. Clougherty
Finance Officer

CITY OF MANCHESTER NEW HAMPSHIRE
ORGANIZATION CHART

15



List of Principal Officials

Mayor

Raymond J. Wieczorek

Aldermen

Ward 1	David Wihby *	Ward 7	William P. Shea
Ward 2	Cheryl Klock	Ward 8	Robert Rivard
Ward 3	Timothy S. Reiniger	Ward 9	Robert J. Pariseau
Ward 4	Mary A. Sysyn	Ward 10	William B. Cashin
Ward 5	James J. Clancy	Ward 11	Henry Thibault
Ward 6	Real Pinard	Ward 12	Keith Hirschmann
At-large	Richard Girard	At-large	Daniel O'Neil

* Chairman of the Board

City Departments

Finance Officer	Kevin A. Clougherty
Deputy Finance Officer	Randy M. Sherman, CPA
Second Deputy Finance Officer	Joanne Shaffer
City Clerk	Leo R. Bernier
Deputy City Clerk	Carol A. Johnson
City Solicitor	Thomas R. Clark
Assistant City Solicitor	Tom I. Arnold, III
City Coordinator	Vacant
Commissioner of Welfare	Susan G. Lafond
Chief of Police	Mark Driscoll
Fire Chief	Joseph P. Kane
Health Officer	Fred Rusczek, M.P.H.
Director of Public Works	Frank C. Thomas, P.E.
Director of Parks & Recreation & Cemetery	Ron Ludwig
Building Commissioner	Leon LaFreniere
Director of Public Buildings Services	Richard L. Houle
Director of Traffic	Thomas P. Lolicata
Director of Airport	Alfred Testa, Jr.
Director of Water	Thomas M. Bowen, P.E.
Director of Information Systems	Diane Prew
Director of City Library	John A. Brisbin
Director of Planning Board	Robert S. Mackenzie
Superintendent of Schools	Normand Tanguay
Personnel Officer	Mark Hobson
Director of Elderly Services	Barbara A. Vigneauit
Director of Youth Services	Regis Lemire
Chairman Board of Assessors	Steve Tellier
Tax Collector	Joan Porter

FINANCIAL SECTION



MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

11 Trafalgar Square

Nashua, NH 03063-1974

Tel (603) 882-1111 • Fax (603) 882-9456

INDEPENDENT AUDITORS' REPORT

To the Board of Mayor and Aldermen
City of Manchester, New Hampshire

We have audited the accompanying general purpose financial statements of the City of Manchester, New Hampshire, as of and for the year ended June 30, 1998 (and as of and for the year ended December 31, 1997 for the Pension Trust Fund). These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Manchester Transit Authority (MTA), included in the "Component Units" column, or the Manchester Development Corporation (MDC), included in the "Special Revenue Fund" column of the general purpose financial statements. The MTA reflects 6% of the discretely presented component units' assets and 22% of revenues, and the MDC reflects 23% of the special revenue fund assets and 1% of revenues. The MTA was audited by other auditors, whose report was furnished to us, and our opinion, insofar as it relates to MTA data, is based solely on the report of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The City has included such disclosures in Note 15. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City's disclosures with respect to the year 2000 issue made in Note 15. Further, we do not provide assurance that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business will be year 2000 ready.

In our opinion, based on our audit and the report of other auditors, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, and as might have been determined to be necessary had we audited the MDC, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Manchester, New Hampshire, as of June 30, 1998 and the results of its operations, and cash flows of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information included in the combining schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Manchester, New Hampshire. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Nashua, New Hampshire
March 24, 1999

**GENERAL PURPOSE
FINANCIAL STATEMENTS**



This Page Intentionally Left Blank

Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Enterprise
<u>Assets</u>				
Cash and cash equivalents	30,838,808	\$ 3,493,011	10,831,086	\$ 22,291,446
Restricted cash and cash equivalents	880,423	181,679	196,795	6,306,702
Investments	9,152,620	1,138,032		3,337,719
Receivables	16,126,794	8,360,320	4,651	19,452,522
Prepaid expenses	7,940			1,076,022
Property rights under deferred compensation				
Due from other funds	16,638,192	404,083		317,864
Inventories	370,545			597,711
Property and equipment, net				243,617,995
Other debits:				
Amounts to be provided for:				
Bonds payable				
Compensated absences				
Insurance claims				
Insurance claims from general fund resen				
Supplemental benefits payable at retireme				
Interest on capital appreciation bonds				
Old system and NHRS supplemental ben				
Landfill closure and post-closure care				
Total Assets & Other Debits	<u>\$74,015,322</u>	<u>\$13,577,125</u>	<u>\$11,032,532</u>	<u>\$296,997,981</u>

See accompanying notes.

City of Manchester, New Hampshire
June 30, 1998

Fiduciary Fund Type	Account Groups		Total Primary Government (Memorandum Only)	Discrete Component Units	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Debt			
\$ 548,116			\$ 68,002,467	\$ 1,027,402	\$ 69,029,869
			7,565,599		7,565,599
15,866,385			29,494,756	78,338,802	107,833,558
440,854			44,385,141	890,926	45,276,067
			1,083,962	39,631	1,123,593
12,116,373			12,116,373	701,699	12,818,072
			17,360,139		17,360,139
			968,256	260,825	1,229,081
	\$153,837,503		397,455,498	2,696,628	400,152,126
		\$ 121,252,679	121,252,679		121,252,679
		12,680,546	12,680,546		12,680,546
		6,153,517	6,153,517		6,153,517
		1,153,735	1,153,735		1,153,735
		2,013,655	2,013,655		2,013,655
		3,523,034	3,523,034		3,523,034
		19,746,716	19,746,716		19,746,716
		17,003,807	17,003,807		17,003,807
\$28,971,728	\$153,837,503	\$183,527,689	\$761,959,880	\$83,955,913	\$845,915,793

Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Enterprise
Liabilities and Fund Equity				
Liabilities				
Accounts and warrants payable	\$5,147,691	\$ 929,162	\$ 3,048,464	\$ 9,681,842
Retainage payable	4,340	7,513	206,794	728,565
Accrued liabilities	1,380,274	157,474		2,644,523
Insurance claims from general fund reserves				
Insurance claims payable	2,107,565			
Due to other funds	51,390	5,559,496		10,673,677
Deferred revenue	6,561,593	26,061		
Taxes collected in advance	46,274,692			
Amount payable for pension benefits				2,706,360
Bonds and notes payable				75,198,875
Accrual for compensated absences				927,477
Accrual for supplemental benefits payable at retirement				
Old system and NHRS supplemental benefits				
Accrual for interest on capital appreciation bonds				
Accrual for landfill closure and post-closure care				
Property rights under deferred compensation				
Other	1,901,384		12,051	565,997
Total Liabilities	63,428,929	6,679,706	3,267,309	103,127,316
Equity and Other Credits				
Investment in general fixed assets				
Contributed capital				127,287,507
Retained earnings				
Reserved				6,619,351
Unreserved				59,963,807
Fund balances				
Reserved for				
Encumbrances	1,694,120	1,010,830	3,107,801	
Cemetery and other trust funds				
Library				
Health insurance	1,256,359			
General liability insurance	1,153,735			
Employees' Retirement System				
Inventory	370,545			
Advances	575,970			
Unreserved				
Revenue stabilization	5,102,054			
Undesignated fund balance	433,610	5,886,589	4,657,422	
Total Equity and Other Credits	10,586,393	6,897,419	7,765,223	193,870,665
Total Liabilities, Equity and Other Credits	\$ 74,015,322	\$ 13,577,125	\$ 11,032,532	\$ 296,997,981

See accompanying notes.

Fiduciary Fund Type	Account Groups		Total Primary Government (Memorandum Only)	Discrete Component Units	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Debt			
			\$ 18,807,159	\$ 209,023	\$ 19,016,182
			947,212		947,212
			4,182,271	301,981	4,484,252
		\$ 1,153,735	1,153,735		1,153,735
		6,153,517	8,261,082		8,261,082
\$ 1,075,576			17,360,139		17,360,139
			6,587,654	14,994	6,602,648
			46,274,692		46,274,692
			2,706,360		2,706,360
		121,252,679	196,451,554		196,451,554
		12,680,546	13,608,023	244,099	13,852,122
		2,013,655	2,013,655		2,013,655
		19,746,716	19,746,716		19,746,716
		3,523,034	3,523,034		3,523,034
		17,003,807	17,003,807		17,003,807
12,116,373			12,116,373	701,699	12,818,072
			2,479,432	231,173	2,710,605
13,191,949		183,527,689	373,222,898	1,702,969	374,925,867
	\$ 153,837,503		153,837,503		153,837,503
			127,287,507	1,023,980	128,311,487
			6,619,351	1,460,032	8,079,383
			59,963,807	1,824,459	61,788,266
			5,812,751		5,812,751
13,082,647			13,082,647		13,082,647
2,697,132			2,697,132		2,697,132
			1,256,359		1,256,359
			1,153,735		1,153,735
				77,944,473	77,944,473
			370,545		370,545
			575,970		575,970
			5,102,054		5,102,054
			10,977,621		10,977,621
15,779,779	153,837,503		388,736,982	82,252,944	470,989,926
\$ 28,971,728	\$ 153,837,503	\$ 183,527,689	\$ 761,959,880	\$ 83,955,913	\$ 845,915,793

**Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
All Governmental Fund Types**

	General Fund	Special Revenue Funds
<u>Revenues</u>		
Taxes	\$ 107,223,578	\$ 136,112
Federal and state grants and aid	18,769,545	12,571,140
Nonenterprise charges for sales and services	13,711,063	1,175,320
Licenses and permits	14,129,835	
Interest	2,008,604	224,803
Contributions		
Net gain on sale of securities		
Other	1,403,320	667,098
Total Revenues	157,245,945	14,774,473
<u>Expenditures</u>		
Current:		
General government	11,469,775	3,392,554
Public safety	27,063,571	1,097,589
Health and sanitation	2,544,046	552,075
Highway and streets	16,538,533	2,605,641
Welfare	1,524,002	175,225
Education	78,409,488	6,680,890
Parks and recreation	1,169,744	336,498
Cemetery Trust		
Investment management fee		
Debt service:		
Principal retirement	11,320,483	
Interest	4,843,668	
Total Expenditures	154,883,310	14,840,472
Excess (deficiency) of revenues over expenditures	2,362,635	(65,999)
<u>Other Financing Sources (Uses)</u>		
Bond proceeds		
Transfers in		1,337,921
Transfers out	(1,222,953)	(163,221)
Total Other Financing Sources (Uses)	(1,222,953)	1,174,700
Excess of revenues and other financing sources over expenditures and other financing uses	1,139,682	1,108,701
Fund Balances, beginning of year	9,446,711	5,788,718
Fund Balances, end of year	\$ 10,586,393	\$ 6,897,419

See accompanying notes.

City of Manchester, New Hampshire
Year Ended June 30, 1998

Capital Projects Funds	Expendable Trust Funds	Total (Memorandum Only)
		\$ 107,359,690
\$ 3,340,111		34,680,796
		14,886,383
		14,129,835
	\$ 82,696	2,316,103
	177,497	177,497
	523,560	523,560
		2,070,418
3,340,111	783,753	176,144,282
4,992,451		19,854,780
1,050,160		29,211,320
		3,096,121
6,228,157		25,372,331
		1,699,227
9,561,645		94,652,023
1,148,021		2,654,263
	364,864	364,864
	10,156	10,156
		11,320,483
		4,843,668
22,980,434	375,020	193,079,236
(19,640,323)	408,733	(16,934,954)
25,956,000		25,956,000
16,027	48,253	1,402,201
(16,027)		(1,402,201)
25,956,000	48,253	25,956,000
6,315,677	456,986	9,021,046
1,449,546	1,221,234	17,906,209
\$ 7,765,223	\$ 1,678,220	\$ 26,927,255



This Page Intentionally Left Blank

**General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Budget Basis)**

**City of Manchester, New Hampshire
Year Ended June 30, 1998**

	Budget	Actual	Variance favorable (unfavorable)
<u>Revenues</u>			
Taxes	\$ 106,916,195	\$ 106,829,311	\$ (86,884)
Federal and state grants and aid	17,126,896	17,674,625	547,729
Nonenterprise charges for sales and services	15,837,791	13,711,063	(2,126,728)
Licenses and permits	12,074,241	14,129,835	2,055,594
Interest	2,002,000	2,008,604	6,604
Other	1,478,533	1,403,320	(75,213)
Total Revenues	155,435,656	155,756,758	321,102
<u>Expenditures</u>			
Current:			
General government	13,191,655	12,952,876	238,779
Public safety	25,968,945	25,749,303	219,642
Health and sanitation	1,945,503	1,767,758	177,745
Highway and streets	17,291,916	16,896,229	395,687
Welfare	1,211,613	968,756	242,857
Education	77,487,644	78,702,033	(1,214,389)
Parks and recreation	2,017,028	1,937,397	79,631
Debt service:			
Principal retirement	11,320,483	11,320,483	-
Interest	4,843,669	4,843,668	1
Total Expenditures	155,278,456	155,138,503	139,953
Excess (deficiency) of revenues over expenditures	157,200	618,255	461,055
<u>Other Financing Sources (Uses)</u>			
Transfers out	(1,174,700)	(1,222,953)	(48,253)
Total Other Financing Sources (Uses)	(1,174,700)	(1,222,953)	(48,253)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (1,017,500)	\$ (604,698)	\$ 412,802

See accompanying notes.

**Combined Statement of Revenues, Expenses,
and Changes in Equity/Retained Earnings/Fund Balances -
All Proprietary Fund Types, Similar Trust Funds and Discretely Presented Component Units**

	Proprietary Fund Type	Fiduciary Type Nonexpendable Trusts
	Enterprise	
<u>Revenues</u>		
Charges for goods and services	\$ 31,479,869	
Interest and dividends		\$ 630,264
Contributions		148,023
Net gain on sale of securities		1,502,414
Other	1,013,438	
Total Revenues	32,493,307	2,280,701
<u>Expenses</u>		
Personnel services	8,233,697	
Plant maintenance	3,658,106	
Light/heat and power	3,519,504	
General and administrative	3,701,739	
Depreciation and amortization	9,728,813	
Cemetery		358,365
Library		76,145
Investment management fee		35,665
Benefit payments		
Total Expenses	28,841,859	470,175
Operating income	3,651,448	1,810,526
<u>Non-operating Revenues (Expenses), net</u>		
Interest income	1,869,706	
Interest expense	(4,315,378)	
Rent and other income	175,586	
Loss on disposal of fixed assets	(25,561)	
Net Non-operating Revenues (Expenses)	(1,561,315)	-
Net Income	2,090,133	1,810,526
Add depreciation on fixed assets acquired by grants and user contributions externally restricted for capital acquisitions and construction that reduces contributed capital	4,515,117	
Increase in Retained Earnings/Fund Balance	6,605,250	1,810,526
Retained Earnings/Fund Balances, beginning of year	59,977,908	8,603,236
Accounting changes		3,687,797
Retained Earnings/Fund Balances, beginning of year (restated)	59,977,908	12,291,033
Retained Earnings/Fund Balances, end of year	\$ 66,583,158	\$ 14,101,559

See accompanying notes.

City of Manchester, New Hampshire
Year Ended June 30, 1998

Total Primary Government (Memorandum Only)	Combined Component Units	Total Reporting Entity (Memorandum Only)
\$ 31,479,869	\$ 1,983,837	\$ 33,463,706
630,264		630,264
148,023	2,329,898	2,477,921
1,502,414	10,805,488	12,307,902
1,013,438		1,013,438
34,774,008	15,119,223	49,893,231
8,233,697	2,414,918	10,648,615
3,658,106	399,386	4,057,492
3,519,504	76,096	3,595,600
3,701,739	549,216	4,250,955
9,728,813	635,492	10,364,305
358,365		358,365
76,145		76,145
35,665	465,374	501,039
	2,847,479	2,847,479
29,312,034	7,387,961	36,699,995
5,461,974	7,731,262	13,193,236
1,869,706	1,145,108	3,014,814
(4,315,378)		(4,315,378)
175,586		175,586
(25,561)		(25,561)
(1,561,315)	1,145,108	(416,207)
3,900,659	8,876,370	12,777,029
4,515,117	274,300	4,789,417
8,415,776	9,150,670	17,566,446
68,581,144	72,078,294	140,659,438
3,687,797		3,687,797
72,268,941	72,078,294	144,347,235
\$ 80,684,717	\$ 81,228,964	\$ 161,913,681

**Combined Statement of Cash Flows -
All Proprietary Fund Types, Similar Trust Funds
and Discretely Presented Component Units**

	Proprietary Fund Type Enterprise
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 31,739,912
Contributions	0
Cash payments for goods and services	(9,016,962)
Cash payments to employees for services	(8,341,060)
Cash payments for property taxes	0
Other operating revenues	20,400
Net Cash Provided by Operating Activities	14,402,290
<u>Cash Flows from Non-Capital and Related Financing Activities</u>	
Amounts from federal & state governments for soundproofing	1,245,741
Soundproofing related expenses	(2,712,242)
Receipt of operating assistance	0
Passenger facility charges	1,830,489
Short-term cash advance from City	8,442,748
Net Cash Provided by Non-Capital & Related Financing Activities	9,177,080
<u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from restricted cash	(1,616,060)
Proceeds from general obligation bonds	250,000
Proceeds from State of New Hampshire Revolving Fund	2,029,717
Proceeds from capital lease obligation	0
Principal payments on capital lease	0
Principal paid on bonds	(2,963,166)
Interest paid on bonds	(4,381,373)
Contributed capital by federal, state & local governments	6,516,931
Acquisition and construction of capital assets	(28,846,060)
Proceeds from sale of equipment	(11,420)
Net Cash Provided (Used) by Capital & Related Financing Activities	(29,021,431)

City of Manchester, New Hampshire
Year Ended June 30, 1998
Continued

Nonexpendable Fiduciary Fund Type	Total (Memorandum Only)	Manchester Transit Authority
Trusts		
0	\$ 31,739,912	\$ 1,755,102
\$ 148,023	148,023	0
(434,510)	(9,451,472)	(600,376)
0	(8,341,060)	(2,438,257)
0	0	0
0	20,400	0
(286,487)	14,115,803	(1,283,531)
0	1,245,741	0
0	(2,712,242)	0
0	0	1,329,047
0	1,830,489	0
0	8,442,748	0
0	9,177,080	1,329,047
0	(1,616,060)	0
0	250,000	0
0	2,029,717	0
0	0	0
0	0	0
0	(2,963,166)	0
0	(4,381,373)	0
0	6,516,931	497,044
0	(28,846,060)	(1,015,621)
0	(11,420)	0
0	(29,021,431)	(518,577)

**Combined Statement of Cash Flows -
All Proprietary Fund Types, Similar Trust Funds
and Discretely Presented Component Units**

	Proprietary Fund Type Enterprise
<u>Cash Flows from Investing Activities</u>	
Purchase of investment securities	3,269,116
Proceeds from sale and maturities of investment securities	(12,793)
Interest and dividends from investments	2,013,182
Net Cash Provided by Investing Activities	<u>5,269,505</u>
Net Increase in Cash and Cash Equivalents	(172,556)
Restricted cash	6,380,675
Cash and cash equivalents at beginning of period	20,660,394
Cash and Cash Equivalents at End of Period	26,868,513
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	3,651,448
Adjustments to reconcile operating income (loss) to cash provided by operating activities:	
Depreciation and amortization	9,728,813
Non-operating revenue	175,586
Change in Assets and Liabilities	
(Increase) in receivables	(3,918,598)
Decrease in inventories	105,684
(Increase) in prepaid expenses and other assets	(74,450)
(Decrease) in accounts payable	4,773,760
Increase in accrued and other liabilities	(20,961)
Increase in compensated absences	(18,992)
Increase (decrease) in interfund liabilities	0
Net Cash Used by Operating Activities	<u>\$ 14,402,290</u>

See accompanying notes.

City of Manchester, New Hampshire
Year Ended June 30, 1998
Continued

Nonexpendable Fiduciary Fund Type <u>Trusts</u>	Total (Memorandum Only)	Manchester Transit Authority
(11,645,948)	(8,376,832)	0
11,818,413	11,805,620	0
487,098	2,500,280	33,201
659,563	5,929,068	33,201
373,076	200,520	(439,860)
	6,380,675	0
27,284	20,687,678	1,467,262
400,360	27,268,873	1,027,402
(277,267)	3,374,181	(1,728,230)
0	9,728,813	635,492
0	175,586	0
(3,780)	(3,922,378)	(238,042)
0	105,684	(13,170)
0	(74,450)	57,029
0	4,773,760	17,022
0	(20,961)	10,684
0	(18,992)	(24,316)
(5,440)	(5,440)	0
\$ (286,487)	\$ 14,115,803	\$ (1,283,531)



This Page Intentionally Left Blank

**NOTES TO
GENERAL PURPOSE
FINANCIAL STATEMENTS**

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 1998

1. Summary of Significant Accounting Policies

The general purpose financial statements of the City of Manchester (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units.

A. Reporting Entity

The City of Manchester was incorporated in June of 1846 and operates as a municipal corporation governed by an elected mayor and a twelve (12) member aldermanic board. The City's general purpose financial statements include all entities for which the City is financially accountable, and other organizations of the City for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board ("GASB") Statement 14 has set forth criteria to be considered in determining financial accountability. This criteria includes whether the City, as the primary government, has appointed a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

The City of Manchester has three component units - Manchester Development Corporation, Manchester Transit Authority and the City of Manchester Employees' Contributory Retirement System. Using the criteria of GASB Statement No. 14, management determined that the Manchester Development Corporation should be blended into the primary governmental funds, the Manchester Transit Authority and the City of Manchester Employees' Contributory Retirement System should be discretely presented. The nature and relationship of the City's component units are disclosed in the following sections.

Blended Component Units

Manchester Development Corporation (MDC) - MDC was created by the Board of Mayor and Aldermen (BMA) as a public corporation for the purpose of developing economic opportunities for the City of Manchester. The Board of Directors is comprised of twelve (12) members, all of whom shall be nominated by the Mayor and confirmed by the Board of Aldermen of the City of Manchester.

The Manchester Development Corporation is a blended component unit reported in the Special Revenue Funds.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units

Manchester Transit Authority (MTA) - The MTA was created by the BMA to provide a public transportation system for the citizens of Manchester. The MTA is overseen by a five member board appointed by the BMA. The MTA, a June 30 year end, was audited by other independent auditors, and their report, dated September 10, 1998, has been issued under a separate cover.

City of Manchester Employees' Contributory Retirement System (the "New System") - The New System was created by the BMA for the purpose of administering the assets of the employees' contributory retirement system. The New System's Board of Trustees consists of seven members, as follows: the City Finance Officer, the Mayor, one person appointed by the Board of Aldermen, two citizens of the city - one appointed by the Mayor, one elected by the system members and two system members also elected by the New System members. The New System, a December 31 year end, was audited by other independent auditors for the year ended December 31, 1997, and their report, dated **April 28, 1998**, has been issued under a separate cover.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Manchester Transit Authority
110 Elm Street
Manchester NH 03101-2799

City of Manchester Employees' Contributory Retirement System
1838 Elm Street
Manchester NH 03104

B. Basis of Presentation - Fund Accounting

The accounts of the City of Manchester are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”. The City has the following fund types and account groups:

Governmental Fund Types

Governmental funds are used to account for the City’s expendable financial resources and related liabilities (except those accounted for in certain trust funds). The measurement focus is based upon determination of changes in financial position and the flow of current financial resources. The following are the City’s governmental fund types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all transactions not accounted for in other prescribed funds and account groups.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources legally restricted or designated for specific functions and activities.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of capital assets other than those financed by the enterprise funds.

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus of proprietary fund measurement is upon determination of net income, financial position, and cash flow. The funds included in this category are the Enterprise Funds.

Enterprise Funds - The City uses enterprise funds to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis will be recovered or financed primarily through user charges.

Regulatory Authorities

The Manchester Water Works, the City’s water department uses guidelines for water utility accounting set forth by the New Hampshire Public Utilities Commission. Certain operations of Water Works are subject to regulation with respect to accounting and rates established by the New Hampshire Public Utilities Commission.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

Fiduciary Fund Types

Fiduciary fund types account for assets held by the City as a trustee or agent. Fiduciary funds include agency funds, expendable trust funds, and nonexpendable trust funds.

Agency Funds - Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals or other governmental units and/or other funds. The measurement focus of agency funds is the same as for the governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operation.

Expendable trust funds - The measurement focus of the expendable trust funds is the same as the governmental funds. Expendable trust funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust and Pension Trust Funds - The measurement focus is similar to proprietary funds. Nonexpendable trust funds account for assets of which the principal may not be spent. The pension trust fund accounts for the assets of the employees' contributory retirement system.

Account Groups

In addition to the three broad fund types of governmental funds, the City also maintains two account groups as described below:

General Fixed Assets Account Group - General fixed assets acquired by the City in the performance of its operations, other than operations accounted for in the Proprietary Fund Type and the Trust Funds, are reflected in the General Fixed Assets account group.

Fixed assets used in governmental fund type operations are recorded at historical cost if purchased or constructed. Donated assets are recorded at an estimated market value as of the date of donation. Infrastructure fixed assets are not capitalized and therefore excluded from the General Fixed Assets account group.

General Long-Term Debt - The General Long-Term Debt account group is used to account for general government unmatured long-term general obligation bonds payable, compensated absences, insurance claims, supplemental retirement benefits, interest on capital appreciation bonds, "Old System" pension liabilities and landfill closure and post-closure costs. Payments of principal and interest on long-term debt are recorded in the general fund.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

Governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available to pay liabilities of the current period). “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Revenues susceptible to accrual are property taxes, licenses, interest, and charges for services. The government considers property taxes as available if they are collected within 60 days after year end. Likewise, the City records a general fund liability for tax abatements and refunds issued within 60 days after year end. An estimate of additional unfunded tax refunds is reported as a liability in the long-term debt account group. Fines, permits, and parking meter revenues are not susceptible to accrual, because they are generally not measurable until received.

Expenditures are recorded when the related liability is incurred except, principal and interest on general long-term debt are recorded as liabilities when due.

Certain federal grants, made on the basis of entitlement periods, are recorded as receivables and revenues when the entitlement occurs. Other federal grants made on a reimbursement basis are recorded as receivables and revenues when the related expenditures are incurred.

The government reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund types and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred (flow of economic resources measurement focus).

D. Cash and Cash Equivalents

New Hampshire Revised Statute Annotated (RSA) Chapter 48:16, as amended, establishes the policy the City must adhere to when investing city funds. With approval of the Board of Mayor and Aldermen, the Finance Officer, acting as Treasurer, may invest in obligations of the United States government, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire, in participation units on the New Hampshire Public Deposit Investment Pool (NH-PDIP), in certificates of deposit of banks incorporated under the laws of the State of New Hampshire, or in national banks located in New Hampshire or the Commonwealth of Massachusetts. Statutes do not allow the City to enter into reverse repurchase agreements.

Investments in marketable securities are carried at cost, except for various investments of the Trust Funds and the Deferred Compensation Fund, which are stated at fair market value.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

The City's cash and cash equivalents represent short-term investments with an initial maturity of three months or less.

The Manchester Development Corporation's investments consist mainly of United States Treasury Notes and certificates of deposits. However, MDC may invest in marketable securities.

E. Restricted Cash and Cash Equivalents

Restricted cash includes retainage amounts due contractors upon completion of various construction projects where contractual third party restrictions exist. Also included in the restricted cash are deposits made by surrounding towns based on intermunicipal agreements with the Environmental Protection Division (wastewater facility), as well as restrictions resulting from bond covenants for the 1992 State Guaranteed Airport Revenue Bonds.

F. Restricted Investments

Certain amounts in the Aviation Fund have been designated for specific purposes in connection with the issuance of the 1992 State Guaranteed Airport Revenue Bonds. Certain portions of these amounts are not reflected in the Statement of Cash Flows as they are directly offset with a related liability.

The proceeds of the 1992 State Guaranteed Airport Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by a Loan and Trust Agreement. The "Bond Fund" is used to segregate resources accumulated for debt service payments on the given maturity dates. The "Bond Reserve Account" is used to report resources set aside to make up potential future deficiencies in the bond fund. The "Operation and Maintenance Reserve Account" is established for purposes of reporting resources set aside for the payment of operating expenses should there be a shortfall in revenues. The "Renewal and Replacement Account" is established to set aside resources to meet unanticipated or emergency repairs. The "Surplus Account" is established to deposit the remaining monthly balance, if any, after making all deposits then required into the other funds and accounts.

A "Rebate Fund" also would be used to report any excess of interest earned on nonpurpose investments (as defined in Section 148 of the Internal Revenue Code of 1986, as amended).

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1998 are recorded as prepaid items. No portion of the funds' balances has been reserved to indicate that it is not available for appropriation, since the total was considered not material.

H. Inventories

The Highway Department, a component of the City's General Fund, began using the consumption method for inventory in FY 98. Inventory for the Highway Department is recorded at cost on a First-in First-out basis.

The remaining cost of inventories in governmental fund types is recorded as expenditures when purchased ("Purchase Method"). The Environmental Protection Division (EPD) Fund and Water Works Fund are the only enterprises that record inventories. Inventories in these enterprise funds are stated at the lower- of-cost (first-in, first-out method) or market.

I. Property and Equipment

General Fixed Assets - Fixed assets used in governmental fund type operations are recorded at historical cost if purchased or constructed. Assets received through donation are recorded at an estimated market value as of the date of donation. Assets are capitalized and considered fixed assets if they have a value greater than \$500 and a useful life greater than or equal to three (3) years. Assets in the General Fixed Assets account group are not depreciated.

Infrastructure assets are fixed assets that are immovable and only of value to the government. Infrastructure assets consist of roads and bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Infrastructure assets are not capitalized and therefore excluded from the General Fixed Assets account group.

Construction in Progress - Construction projects financed by general obligation bonds, excluding those supported by proprietary fund revenues, are recorded as expenditures in the capital project funds. Incomplete capital projects are recorded in the General Fixed Assets account group as construction-in-progress. Incomplete proprietary projects are recorded as construction-in-progress (a component of property and equipment) in the respective fund.

Proprietary and Similar Trust Fund Fixed Assets - Property and equipment in the enterprise funds are recorded at cost or valued at estimated fair market value on the date received. The Department of Aviation, Water Works and Department of Recreation (enterprise fund portion) capitalize assets with values greater than \$500 and a useful life greater than or equal three (3) years. The Environmental Protection Division capitalizes assets with values greater than \$5,000 and a useful life greater than or equal to three (3) years.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

Assets acquired by the enterprise funds are subject to depreciation. Each enterprise fund is responsible for the accounting and recording of depreciation. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	15 to 60 years
Improvements	5 to 30 years
Equipment	5 to 15 years
Vehicles	3 to 10 years
Interceptors	50 years

J. Capitalized Interest

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. For the year ended June 30, 1998, net interest cost capitalized in the Environmental Protection Division amounted to approximately \$11,903 which was comprised entirely of interest expense.

K. Compensated Absences

The liability for compensated absences, which represents the City's commitment to fund such costs from future operations, is reported in the General Long-term Debt account group. The liability reported as compensated absences includes vested or accumulated vacation leave and sick leave benefits that are not expected to be liquidated with current fiscal year available financial resources. In addition, teachers summer pay for the months of July and August are included in the General Long-term Debt account group. Vested or accumulated vacation and sick leave of the enterprise funds are recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick-pay benefits. However, a liability is recognized for that portion of accumulating sick-leave benefits that it is estimated will be taken as terminal leave prior to retirement.

L. Insurance

The City is self-insured for health care claims, workers' compensation and general liability. Health care claims are recorded as expenditures as claims are paid. Workers' compensation and general liability claims are recorded in the general fund and other applicable funds as expenditures when paid. At year end all claims settled but unpaid are recorded as liabilities in the general fund and estimated liabilities for claims not settled are reflected in the General Long-term Debt account group.

In addition, health insurance coverage similar to that available to other City employees is available to retirees at their own expense.

The City's has purchased a separate insurance policy for the general liability of the airport.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

M. Revenue Stabilization

Per City of Manchester Ordinance, Section 35.084, a revenue stabilization reserve account was established in the General Fund. At the close of each fiscal year, one-half of any general fund operating surplus shall be transferred by the finance officer to a special nonlapsing revenue stabilization reserve account.

In the event of a general fund operating deficit at the close of any fiscal year the finance officer shall notify the BMA of such deficit and request that sufficient funds, to the extent available, be transferred from the revenue stabilization reserve account to eliminate such deficit. Such a transfer shall be requested only when both of the following conditions have been met:

- (i) A general fund operating deficit occurred for the most recently completed fiscal year; and
- (ii) Unrestricted general fund revenues in the most recently completed fiscal year were less than the budget forecast.

The amount of said transfer requested shall not exceed a sum equal to the lower of the amount of the deficit in subparagraph (i) or the revenue shortfall in subparagraph (ii). Upon receipt of approval from the BMA, the finance officer shall immediately transfer the sums so approved to the general fund undesignated fund balance.

No available balance in the revenue stabilization reserve account shall be utilized for any other purpose other than those authorized above, without the specific approval of two-thirds of the aldermen elect.

If, after all the requirements have been met and the balance in the revenue stabilization reserve account is in excess of an amount equal to 5 percent of the actual general fund operating expenditures for the most recently completed fiscal year, then such excess shall be transferred, without further action, to the general fund unrestricted fund balance.

N. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers, which are included in the results of operations of both governmental and proprietary funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Nonrecurring transfers of equity between funds are treated as additions and deductions to the fund balance of governmental funds. Residual equity transfers to proprietary funds are treated as contributed capital and such transfers from proprietary funds are reported as reductions of retained earnings.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

1. Summary of Significant Accounting Policies (continued)

O. Long-Term Debt

The government reports long-term debt of governmental funds at face value in the General Long-term Debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-term Debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

P. Investment Income

Income earned on investments in the capital project funds and most special revenue funds is recorded as income of the general fund.

Q. Interpretation of Total (“Memorandum Only”) Columns

Total columns on the combined financial statements captioned “Memorandum Only” have been added to certain statements for the primary government and the reporting entity. The total columns include interfund activity and are not comparable to consolidated financial statements, but are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. The primary government includes the blended component units and all funds, organizations, account groups, agencies, boards, commissions and authorities that are not legally separate from the City. The reporting entity includes the primary government and its component units.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

2. Accounting Changes

During the year ended June 30, 1998 management of the City implemented accounting changes to provide a more appropriate classification of operations and better matching of revenues and expenditures. The accounting change made and the effect of these changes on the June 30, 1998 financial statements are as follows:

Inventory

The Highway Department, a component of the City's General Fund, began using the consumption method for inventory at July 1, 1997. Inventory for the Highway Department is recorded at cost on a First-in First-out basis. The remaining cost of inventories in Governmental Fund Types are recorded as expenditures when purchased ("Purchase Method"). As of June 30, 1998 \$370,545 was recorded as inventory in the General Fund.

Trust Funds

In prior years, Trust Fund Investments were recorded at cost. During the year the City changed its method for recording investments from cost to market value in accordance with GASB. The effect of this change was to increase the beginning fund balances in the non-expendable trust funds by \$3,687,797 respectfully.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

3. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

Pursuant to the City's Charter, Section 6.01, the City adopts an annual budget for all general fund functions and certain enterprise functions (the Water Works enterprise fund operates on a nonappropriated budgetary basis). The special revenue and capital project funds are appropriated through a five-year capital improvement plan.

All portions of the annual budget, including the School Department, are prepared under the direction of the Mayor. The Mayor establishes the procedures applicable to the preparation and adoption of the annual budget. Budgets are to include all proposed expenditures and the proposed use of all anticipated revenues. All departments, agencies, and officers submit detailed statements of departmental budget requests per established procedures, to the Mayor.

The Mayor develops budget recommendations on appropriations and revenues and submits the recommendations to the Board of Mayor and Aldermen on or before the last day of March of each year. Departmental appropriations are made on a bottom-line basis. Benefits and non-departmental items are appropriated apart from the departmental budgets.

The Finance Committee of the Board of Mayor and Aldermen reviews the proposed budget recommendations presented by the Mayor. The Board of Mayor and Aldermen may increase, reduce or reject any item in the budget submitted by the Mayor. A public hearing is required to be conducted. A majority vote of the Board of Mayor and Aldermen is required to adopt the budget appropriation resolutions and is to be completed not later than the second Tuesday in June. The Mayor has line item veto authority.

If the Board of Mayor and Aldermen fail to adopt appropriation resolutions, the budget, as originally submitted by the Mayor, shall become the budget.

If during the fiscal year the Mayor certifies, after consultation with and verification by the Finance Officer, that there are available for appropriation revenues in excess of those estimated in the budget, the Board of Mayor and Aldermen may make supplemental appropriations for the year up to the amount of such excess, after observing the budget procedures set forth in section 6.04 of this charter.

If at any time during the fiscal year it appears probable to the Mayor, after consultation with and verification by the Finance Officer, that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the Mayor shall report to the Board of Mayor and Aldermen without delay, indicating the estimated amount of the deficit, any remedial action taken by the Mayor and recommendations as to any other steps to be taken. The Board of Mayor and Aldermen shall then take such further action as it deems necessary to prevent or reduce any deficit and for that purpose it may reduce one or more appropriations.

Budget control is established by object categories within the departmental budgets. Departmental budget transfers from one object category to another must be approved by the Finance Officer prior to approval of the Board of Mayor and Aldermen. The Finance Officer is responsible for establishing controls related to the management and monitoring of the budget to prevent expenditures from exceeding budgeted appropriations.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

3. Stewardship, Compliance and Accountability (continued)

The City employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statements of Revenues and Expenditures - Budgetary Basis presents the "actual" results to provide a comparison with the budgets.

The major differences between the budgetary basis and the GAAP basis are:

(a) Revenues are recorded when cash is received (budgetary), as opposed to when susceptible to accrual (GAAP).

(b) Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no firm liability exists.

B. Budget/GAAP Reconciliation

Reconciliations of reported revenues and expenditures of the general fund between the budgetary basis and the GAAP basis are presented below:

	<u>Revenues</u>	<u>Expenditures</u>
Statement of revenues and expenditures and changes in fund		
balance - budgetary basis	\$ 155,756,758	\$ 155,138,503
Current year encumbrances		(1,522,944)
State retirement contributions	1,094,920	1,197,930
Tax revenues of 1997 recognized in 1998	5,340,352	
Tax revenues of 1998 deferred until 1999	(4,946,085)	
Non-budgeted revenues and expenditures - other	-	(1,200,868)
Expenditures of prior year encumbrances		1,270,689
Statement of revenues, expenditures and changes in fund		
balances (in conformity with GAAP)	<u>\$ 157,245,945</u>	<u>\$ 154,883,310</u>

C. Overexpenditure

In fiscal 1998, the Board of School Committee controlled general fund appropriation was over-expended by approximately \$1.25 million. This was primarily a result of unanticipated mandated special education and English as a second language costs. In October 1998 the Board of Mayor and Aldermen and the Board of School Committee passed a joint resolution to deal with the overexpenditure and provide for increased oversight.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

4. Cash, Cash Equivalents and Investments

Primary Government

The City pools substantially all cash, except for separate cash accounts, which are maintained in accordance with legal restrictions.

Written contracts relative to third party holders of collateral or establishing each party's rights with regard to repurchase agreements are entered into by the City. Banks through which repurchase notes are written maintain their collateral in an investment book entry account with the Federal Reserve. For certain contracts collateral is separate from the bank's assets, while for other contracts it is not separate. Repurchase agreements are entered into only with financial institutions; no brokers or dealers are involved in these transactions. The following tables categorize the City's balances in cash and cash equivalents for all funds. Deposits are classified as to credit risk by the three categories described below:

- Category 1: Fully insured or collateralized with securities held by the City or its agent in the City's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3: Uncollateralized

	Category			Total Bank	Carrying
	1	2	3	Balance	Amount
Pooled Deposits					
Demand deposits	\$ 2,492,614	\$ 668,987	\$ 381,000	\$ 4,883,790	\$ 3,475,017
Repurchase Agreements	47,550,530			47,550,530	47,550,530
Money Markets	76,119			76,119	76,119
Deposits not Categorized					
Cash on Hand				67,582	67,582
NH-PDIP Unclassified				16,782,989	16,782,989
MDC - Vanguard				50,230	50,230
Subtotal	50,119,263	668,987	381,000	69,411,240	68,002,467
Restricted Deposits					
Demand deposits	3,306,056		25,676	3,331,732	3,331,732
Money Markets			1,669,551	1,669,551	1,669,551
Deposits not Categorized					
NH-PDIP Unclassified				2,564,316	2,564,316
Subtotal	3,306,056	-	1,695,227	7,565,599	7,565,599
TOTAL DEPOSITS	<u>\$ 53,425,319</u>	<u>\$ 668,987</u>	<u>\$ 2,076,227</u>	<u>\$ 76,976,839</u>	<u>\$ 75,568,066</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

4. Cash, Cash Equivalents and Investments (continued)

In accordance with GASB Statement 3, investments are classified as to risk by the three categories described below:

- Category 1: Insured or registered in the City's name, or securities held by the City or its agent in the City's name.
- Category 2: Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name.
- Category 3: Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the City's name.

	Category			Carrying Amount
	1	2	3	
Certificates of Deposit			\$ 717,694	\$ 717,694
US Treasury Notes		\$ 9,152,620		9,152,620 *
US Government Securities			13,924,625	13,924,625
Corporate Bonds			258,172	258,172
Common Stocks			1,024,396	1,024,396
Mortgage Backs and CMO's			543	543
Equity Funds			625,686	625,686
Non-categorized items:				
Land held for Resale/				
Joint Venture-MDC				453,301
Sub-Total	-	9,152,620	16,551,116	26,157,037
Restricted Investments:				
Money Market Funds			91,658	91,658
US Treasury Notes		3,246,061	-	3,246,061
Sub-Total		3,246,061	91,658	3,337,719 *
Total	\$ -	\$ 12,398,681	\$ 16,642,774	\$ 29,494,756

* These Investments are reported on a Cost Basis, while the remainder are reported at Fair Market Value, in accordance with GASB 3.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

4. Cash, Cash Equivalents and Investments (continued)

Component Units

The following tables categorize the cash and cash equivalents, and investments of the City's component units.

	Category			Total Bank Balance	Carrying Amount
	1	2	3		
Manchester Transit Authority:					
Demand deposits	\$ 1,024,482	\$ -	\$ -	\$ 218,852	\$ 1,024,482
Repurchase Agreements	-			1,031,667	-
Sub-Total	<u>\$ 1,024,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,519</u>	<u>\$ 1,024,482</u>
Cash on hand				2,920	2,920
Total	<u>\$ 1,024,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,253,439</u>	<u>\$ 1,027,402</u>

	Market Value
* Contributory Retirement System:	
US Government Securities	\$ 1,678,517
Corporate bonds	8,608,679
Corporate stocks	41,939,117
Other	2,286,865
International Equity Funds	11,476,020
Fixed Income	9,640,429
Emerging Market Funds	<u>2,709,175</u>
Total	<u>\$ 78,338,802</u>

* Represents fiscal year ended December 31, 1997

The Contributory Retirement amounts are classified at Fair Market Value and categorized in Category 3 for cash disclosure purposes in accordance with GASB 3.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

5. Taxes and Abatements

The principal tax of the City is the tax on real property. The State of New Hampshire has no cap or limit as to the rate or amount of tax a municipality may raise. The municipality's annual property tax rate is established by the Commissioner of Revenue Administration of the State of New Hampshire, based on reports filed with the State. A single tax is levied for general, county and school purposes. The "assessment year" for taxing purposes runs from April 1 to March 31 of the following year.

The City bills and collects its property taxes in two installments. The due dates for these semi-annually tax billings are July 1 and December 1. Property taxes are recorded as a receivable, net of estimated allowance for abatements. Property tax revenues have been recorded using the modified accrual basis of accounting, which is described in Note 1 C - Basis of Accounting.

Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). The City places a lien on delinquent property taxes prior to May 1 of the following assessment year. From the date of the tax lien, a two-year period of redemption is allowed the owner, during which time payment of taxes, interest and costs will be accepted and the lien released.

Interest accrues on delinquent taxes at a rate of 12 percent per annum from the due date to the date of payment. During the redemption period, 18 percent interest per annum is charged. Beyond the two-year period of redemption the City has the right to foreclose on properties for which taxes have not been paid. Properties are deeded to the City unless either the lien has been sold by the City, or the City has notified the tax collector that it will not accept the deed because acceptance could result in liability under environmental statutes imposing strict liability on owners. Except for any paramount federal lien and subject to bankruptcy and insolvency laws, tax liens take precedence over all other liens, and tax collector's deeds are free and clear of all encumbrances.

In December 1997, the New Hampshire Supreme Court declared that the property tax to fund education is a state tax, and therefore must be administered in a manner that is equal in valuation and uniform in rate throughout the state throughout the State. The Court gave the State legislature a deadline of March 31, 1999, to provide a transition to a new funding system. To date, the legislature has appropriated \$62,000,000 toward resolving the first year's funding question. However, effective April 1, 1999, the New Hampshire Department of Revenue Administration may no longer have the legal authority to certify School Tax Rates absent the State Legislature establishing an educational funding system that is equal in valuation and uniform in rate, or amending the state constitution.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

6. Receivables

Primary Government

General fund receivables at June 30, 1998, consisted of the following:

Due from State of New Hampshire	\$ 3,463,656
Prior year tax liens	735,004
Tax titles	5,366,276
Other	<u>6,561,858</u>
	<u><u>\$ 16,126,794</u></u>

Special Revenue Fund receivables consisted of amounts due from state and federal agencies for various grant programs.

Enterprise funds

Enterprise fund receivables at June 30, 1998, consisted of the following:

Due from federal government under reimbursement type grants	\$ 4,216,800
Due from State of New Hampshire and other governmental entities	28,748
Accounts receivable-trade	14,637,991
Other	<u>568,983</u>
	<u><u>\$ 19,452,522</u></u>

The receivables from the State of New Hampshire and other governmental entities represent their contractual commitment to reimburse the City for the repayment of debt incurred to build its wastewater treatment and related facilities.

Component Units

Component Unit receivables at June 30, 1998, consisted of the following:

Due from federal government under reimbursement type grants	\$ 211,000
Accounts receivable-trade	233,866
Other	<u>446,060</u>
	<u><u>\$ 890,926</u></u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

7. Interfund Receivables and Payables

Due from/to other funds consist of the following at June 30, 1998:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency	\$ 405,019
	Special Revenue	5,559,496
	Aggregation (Advance)	575,970
	Aviation	<u>10,097,707</u>
Sub-Total General Fund		16,638,192
Special Revenue Fund	Expendable Trust	396,648
	General Fund	<u>7,435</u>
Sub-Total Special Revenue Fund		404,083
Water	Expendable Trust	317,864
		<u><u>\$ 17,360,139</u></u>
Total - All Funds		

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

8. Property and Equipment

Primary Government

Property and equipment in the General Fixed Assets account group at June 30, 1998, consisted of the following:

	Balance 30-Jun-97	Additions	Retirements	Balance 30-Jun-98
Land	\$ 10,099,616	\$ 956,815	\$ -	\$ 11,056,431
Buildings	85,544,498	1,038,649	(614,376)	\$ 85,968,771
Improvements other than buildings	8,119,191	156,902	-	\$ 8,276,093
Equipment	18,700,857	1,385,412	(410,858)	19,675,411
Vehicles	13,655,834	452,662	(363,587)	13,744,909
Construction-in-Progress	3,373,703	11,742,185		15,115,888
Total General Fixed Assets	<u>\$ 139,493,699</u>	<u>\$ 15,732,625</u>	<u>\$ (1,388,821)</u>	<u>\$ 153,837,503</u>

Enterprise Fund

Property and equipment in the Enterprise Funds at June 30, 1998, consisted of the following:

Land	\$ 7,471,206
Buildings	183,594,909
Improvements other than buildings	42,330,535
Interceptors and equipment	69,645,552
Construction-in-Progress	<u>33,967,677</u>
	337,009,879
Less accumulated depreciation	<u>(93,391,884)</u>
	<u>\$ 243,617,995</u>

Discretely Reported Component Units

Property and equipment in the Component Units at June 30, 1998, consisted of the following:

Land	\$ 129,109
Buildings	1,807,598
Equipment	<u>6,052,401</u>
	7,989,108
Less accumulated depreciation	<u>(5,292,480)</u>
	<u>\$ 2,696,628</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

9. Bonds and Notes Payable

Primary Government

The debt service requirements of the City's outstanding general obligation bonds, revenue bonds and notes payable at June 30, 1998 are as follows:

General Long-Term Debt account group:

Fiscal year	Principal	Interest	Total
1999	\$ 13,903,900	\$ 5,846,497	\$ 19,750,397
2000	13,709,899	4,717,878	18,427,777
2001	14,015,984	4,006,200	18,022,184
2002	13,904,224	3,310,233	17,214,457
2003	11,517,925	5,240,394	16,758,319
Thereafter to Maturity	<u>54,200,747</u>	<u>19,045,053</u>	<u>73,245,800</u>
Total General Long-Term Debt account group	<u>\$ 121,252,679</u>	<u>\$ 42,166,255</u>	<u>\$ 163,418,934</u>

Enterprise funds:

Fiscal year	Principal	Interest	Total
1999	\$ 3,970,639	\$ 4,206,474	\$ 8,177,113
2000	3,666,042	4,009,341	7,675,383
2001	3,552,857	3,823,642	7,376,499
2002	3,172,468	3,654,502	6,826,970
2003	3,252,355	3,491,676	6,744,031
Thereafter to maturity	<u>58,277,149</u>	<u>33,504,295</u>	<u>91,781,444</u>
Debt Service Requirement	75,891,510	52,689,930	128,581,440
Less Bond Discount	<u>(692,634)</u>		<u>(692,634)</u>
Total Enterprise Funds	<u>\$ 75,198,876</u>	<u>\$ 52,689,930</u>	<u>\$ 127,888,806</u>

Interest rates for the City's outstanding general obligation bonds range from 4.00% to 8.70%. At June 30, 1998, the City's legal debt limit was \$350,954,891. Authorized, but unissued, bonds were \$70,967,750, of which approximately \$30,887,750 is for Enterprise Funds. The full faith, credit and revenue-raising powers of the City have been pledged to secure these general obligation bonds.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

9. Bonds and Notes Payable (continued)

An amount of \$3,523,034 was recorded in the General Long-Term Debt account group for the accretion of interest on the capital appreciation bonds. Future accretion requirements of the City's interest cost relating to the capital appreciation bonds as of June 30, 1998 are as follows:

<u>Fiscal Year</u>	<u>Interest</u>
1999	\$ 774,430
2000	820,770
2001	869,885
2002	921,685
2003	719,629
2004	414,226
	<u>\$ 4,520,625</u>

During the year ended June 30, 1998, the following changes occurred in long-term liabilities reported in the General Long-Term Debt account group and the enterprise funds:

<u>General Long-Term account group</u>	<u>Balance June 30, 1997</u>	<u>Accretions</u>	<u>Reductions</u>	<u>Balance June 30, 1998</u>
Bonds payable	\$ 106,506,515	\$ 26,076,989	\$ 11,330,825	\$ 121,252,679
Compensated absences	18,073,698	-	5,393,152	12,680,546
Insurance claims	6,060,433	1,246,819		7,307,252
Supplemental benefits at retirement	1,942,469	71,186	-	2,013,655
Interest on capital appreciation bonds	2,792,329	730,705		3,523,034
Old system & NHRS supplemental	19,691,953	54,763		19,746,716
Landfill closure and post-closure care	15,642,824	1,360,983	-	17,003,807
	<u>\$ 170,710,221</u>	<u>\$ 29,541,445</u>	<u>\$ 16,723,977</u>	<u>\$ 183,527,689</u>
<u>Enterprise Funds:</u>				
General Obligation Debt	\$ 38,974,108		\$ 3,247,598	\$ 35,726,510
Revenue Bonds, Net of Issue Original Discount	40,144,350	48,016	720,000	\$ 39,472,366
	<u>\$ 79,118,458</u>	<u>\$ 48,016</u>	<u>\$ 3,967,598</u>	<u>\$ 75,198,876</u>

The EPD Fund has four loan agreements amounting to \$33,566,848 with the State of New Hampshire, State Water Pollution Control Revolving Fund program for the purpose of financing certain projects in connection with the expansion of the wastewater treatment facility and water pollution abatement project. Principal and interest due through June 30, 1998 totaled \$20,018,761.

Under terms of the agreements, principal and interest are payable in annual installments beginning after the completion of the project. Final completion has occurred. The loan agreements have terms ranging from five to twenty years with interest rates ranging from 1.3% to 4.2%.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

10. Equity and Other Credits

Primary Government

The changes in the governments' contributed capital and retained earnings accounts for its proprietary funds were as follows:

	Contributed Capital	Retained Earnings		Total
		Designated	Undesignated	
Balance June 30, 1997	\$ 125,260,542	\$ 6,150,266	\$ 53,827,642	\$ 185,238,450
Capital contributions	6,547,510			6,547,510
Net income			2,090,133	2,090,133
Transfer		519,773	(519,773)	-
Depreciation of assets funded by user contributions and grants	(4,515,117)		4,515,117	-
Acquisition of equipment		(50,688)	50,688	-
Fixed assets disposal	(5,428)			(5,428)
Balance June 30, 1998	<u>\$ 127,287,507</u>	<u>\$ 6,619,351</u>	<u>\$ 59,963,807</u>	<u>\$ 193,870,665</u>

In accordance with the loan and trust agreement of the 1992 State Guaranteed Airport Revenue Bonds and the FAA, \$5,594,354 has been designated in the Aviation Fund. In addition, EPD and Water Works have designated \$504,651 and \$520,346 respectively for future equipment and insurance.

Component Units

The changes in the governments' contributed capital accounts and fund equity for component units were as follows:

	Contributed Capital	Retained Earnings		Total
		Designated	Undesignated	
Balance June 30, 1997	\$ 801,236	\$70,098,166	\$1,980,128	\$ 72,879,530
Capital contributions	497,044			497,044
Net income		9,306,339	(155,669)	9,150,670
Depreciation of assets funded by user contributions and grants	(274,300)			(274,300)
Balance June 30, 1998	<u>\$1,023,980</u>	<u>\$79,404,505</u>	<u>\$1,824,459</u>	<u>\$ 82,252,944</u>

Designated retained earnings/fund balance represents \$77,944,473 for employee retirement benefits and \$1,460,032 for bus replacement.

All full-time employees of the City participate in one of the City's pension plans or the New Hampshire Retirement System (NHRS).

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans

City Plans

All eligible City employees, except teachers, police and fire department employees, participate in the "New System" or the "Old System". In addition, a limited number of former police and fire department employees covered by the NHRS also qualify for supplementary benefits that are administered and paid for by the City.

New System

In 1974, the City established a single-employer public employee retirement system (the "New System") to provide pension benefits to employees other than firefighters, policemen, teachers and employees covered under the "Old System" described below. The City has also adopted GASB Statement 25 (GASB 25), *Financial Reporting for Defined Benefit Pension Plans and Note Disclosure for Defined Contribution Plans*. GASB 25 addresses measurement and reporting guidelines for defined benefit pension plans and disclosure requirements for defined contribution plans.

At December 31, 1997, the New System membership consisted of:

Retirees and beneficiaries currently receiving benefits	425
Retired or separated participants with deferred vested benefits	72
Current employees:	
Vested	693
Nonvested	<u>341</u>
	<u>1,034</u>
Total participants	<u><u>1,531</u></u>

All eligible employees hired after January 1, 1974 are required to participate in the New System as a condition of employment. Employees are 100% vested after five years of service. The retirement benefit is calculated at 1½% of average total compensation during the highest three years of service in the last ten years of service (hereafter average compensation), multiplied by the years of service. There is a minimum benefit of 50% of average compensation for employees hired prior to January 1, 1974 who complete 20 years of service and attain age 62 before retirement or have combined age and years of service over specified amounts. All eligible employees are required to contribute 2½% of their salaries to the New System. If an employee leaves covered employment or dies before five years of service, accumulated employee contributions and earnings thereon at rates determined annually by the New System's Board of Trustees (5% for 1997) are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefit provisions and contribution requirements are established by the City and may be amended by the State of New Hampshire Legislature or the Board of Mayor and Aldermen, subject to approval of the voters of the City through referendum.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans (continued)

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help assess the New System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the New System.

The New System's Board of Trustees employs an independent actuarial firm to estimate the actuarial present value of accumulated plan benefits and to determine future contribution rates. Actuarial valuations are prepared on a plan-year basis.

Actuarial Cost Method

The actuarial cost method used in the valuation was the Entry Age Actuarial Cost Method. Under this method, an allocation of liability to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The normal cost is computed for each employee as a level percentage of pay. The actuarial present value of future normal cost payments is determined for each employee, based on an application of each employee's normal cost percentage to the actuarial present value of future compensation of the employee.

Actuarial Assumptions

Significant actuarial assumptions used in the actuarial valuation include those listed below:

- Mortality: The 1983 Group Annuity Mortality Table.
- Investment Return: Pre-retirement: 7.5% per year compounded annually, net of expenses.
- Compensation Increases (COLA): Effective January 1, 1995, under 35 - 5.5%, 35-49 - 5%, 50 and over - 4.5%.
- Employee Termination (Termination rates for male and female sample ages): Age 20 - 50, up to 12.5%.
- Disability: Calculated using disability rates equal to 50% of 1955 United Auto Workers Table. After disability, mortality experience is assumed to follow the 1983 Group Annuity Mortality Table with rates set forward ten years.
- Asset Valuation Method: Long-Range Yield Method.
- Pre-Retirement Death Benefit: Calculated using the mortality, interest and termination assumptions above and on the assumption that 100% of the New System members have spouses, with husbands three years older than wives.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans (continued)

Effective January 1, 1996, the New System adopted an increase in its compensation assumption (see above). This assumption change increased the accrued liability of the plan by \$588,000. The impact of this change is amortized over ten years and represents a \$80,000 increase in the annual required contribution for 1997. At December 31, 1994 - 1997 the schedule of funding progress is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Funded (Unfunded) AAL FAAL/(UAAL)	Funded Ratio	Covered Payroll	FAAL (UAAL) as a percentage of Covered Payroll
12/31/1994	\$ 50,858,420	\$ 48,831,579	\$ 2,026,841	104.15 %	\$ 22,871,000	8.86 %
12/31/1995	60,600,021	49,317,324	11,282,697	122.88 %	22,920,000	49.23 %
12/31/1996	69,295,742	52,964,600	16,331,142	130.83 %	23,974,000	68.12 %
12/31/1997	77,944,473	61,542,725	16,401,748	126.65 %	26,961,000	60.84 %

Accumulated plan benefits reflect employee service and compensation levels at the date of the computation and, unlike the calculation of the pension benefit obligation above, do not include projected salary increases.

The City's funding policy requires contributions to the retirement plan in amounts sufficient to fund the benefits set forth in the plan. The contributions are determined by the New System's Board of Trustees on the basis of the actuary's valuation. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation.

The City's contribution for the fiscal year was based on an actuarial valuation performed as of January 1, 1997. The recommended City contribution for fiscal 1998 consisted of normal cost of \$1,129,494, amortization of actuarial accrued credits of \$(585,659). Unfunded prior service costs are being amortized over periods of fifteen to forty years. The employer and employee contributions represented 2.2% and 2.5% of covered payroll for calendar 1997. The City's payroll for employees covered by the System was approximately \$26,961,000 for the year ended December 31, 1997. The City paid 100% of its' annual required contribution to its' retirement system.

On June 23, 1995, the New System purchased from an insurance company, a non participating single premium group annuity contract for \$1,943,011 to fund the 1992, 1993, and 1995 COLA benefits granted to current retirees covered by the System. The System will continue to make the entire monthly payments to retirees, however, the insurance company will transfer to the System the aggregate COLA amount each month.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans (continued)

The City prepaid its required contributions for the period January 1, 1998 to June 30, 1998. This amount, \$231,173 has been recorded as a deferred contribution at December 31, 1997.

Ten-year historical trend information designed to provide information about the New System's progress made in accumulating sufficient assets to pay benefits when due is being developed on a year-by-year basis. Significant trend information for the periods available is included in the financial statements of the City of Manchester Employees' Contributory Retirement System at December 31, 1997.

Old System

Prior to January 1, 1974, all eligible City employees participated in the Old System. All employees hired before January 1, 1974 were given the option to remain in the Old System or participate in the New System. The Old System was replaced by the New System and only operates to cover the remaining participants. All employees covered under the Old System are fully vested. Benefits under the Old System are limited to retirement benefits without death benefits to survivors. The City does not fund costs of this plan on an actuarial basis. Benefits are recognized as expenditures of the general fund on a pay as you go basis. At June 30, 1998, the Old System membership consisted of:

Members currently receiving benefits	231
Active Vested Members	<u>37</u>
Total Members	<u><u>268</u></u>

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Old System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the Old System.

The June 30, 1998 pension benefit obligation was projected by outside actuaries using participant data as of June 30, 1998 and estimates of terminations and retirees. Significant actuarial assumptions used in the determination of the contribution and, where applicable, in arriving at the following information include (a) a discount rate of 7.5% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to seniority, merit and inflation, (c) no post-retirement benefit increases, (d) 50% retirement at age 55 and the remaining at age 62, and (e) mortality based on the 1983 Group Annuity Mortality Table (male rates). The City's payroll for employees covered by the Old System was approximately \$1,417,158 for the year ended June 30, 1998.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans (continued)

At June 30, 1995 - 1998 the schedule of funding progress is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Funded (Unfunded) AAL FAAL/(UAAL)	Funded Ratio	Covered Payroll	FAAL(UAAL) as a percentage of Covered Payroll
06/30/1995	-	\$ 22,598,575	\$ (22,598,575)	0.00 %	\$ 1,700,000	(1,329.33) %
06/30/1996	-	21,771,948	(21,771,948)	0.00 %	1,558,000	(1,397.43) %
06/30/1997	-	22,496,682	(22,496,682)	0.00 %	1,538,984	(1,461.79) %
06/30/1998		22,453,076	(22,453,076)	0.00 %	1,417,158	(1,584.37) %

Pension benefits under this plan (including supplementary benefits) recognized as expenditures for the year ended June 30, 1998 were \$1,727,684.

Significant historical trend information for the Old System, which includes the supplementary benefits, is not available due to the fact that actuarial valuations have not been performed on a biennial basis as required.

NHRS Related Supplementary Benefits Plan

The City pays supplementary benefits of up to 50% of the last annual wage for any City employee who participates in the NHRS, was hired before June 30, 1972, and does not receive a pension benefit from the NHRS equal to at least 50% of the last annual wage. These costs are accounted for on a pay-as-you-go basis in the general fund.

At June 30, 1998 the membership consisted of:

Members currently receiving benefits	70
--------------------------------------	----

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Supplementary Benefits Plan funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the Supplementary Benefits Plan.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans (continued)

The June 30, 1998 pension benefit obligation was projected by outside actuaries using participant data as of June 30, 1997. Significant actuarial assumptions used in the determination of the contribution and, where applicable, in arriving at the following information include (a) a discount rate of 7.5% per year compounded annually, (b) no post-retirement benefit increases, and (c) mortality based on the 1983 Group Annuity Mortality Table (male rates).

At June 30, 1998, the unfunded pension benefit obligation was estimated to be \$1,113,189 as follows:

Total pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits	\$1,113,189
Net assets available for benefits	<u>-</u>
Unfunded pension benefit obligation	<u><u>\$1,113,189</u></u>

New Hampshire Retirement System

The City participates in the NHRS, a cost sharing multiple-employer Public Employee Retirement System. The NHRS is a defined-benefit contributory retirement plan administered by the Trustees of the NHRS which covers substantially all employees of the State of New Hampshire, teaching and professional staff of the public school system and permanent policemen and firemen. New Hampshire Revised Statutes Annotated (RSA), Chapter 100A establishes the NHRS and the contribution requirements. The City's payroll for employees covered by the NHRS was approximately \$65,085,000 for the year ended June 30, 1998; the City's total payroll for all employees was approximately \$90,761,591 for the year ended June 30, 1998.

The NHRS provides retirement, disability and death benefits according to predetermined formulas. Employees contribute a fixed percentage of annual compensation and the City contributes the remaining amounts necessary to pay benefits when due. Employees contributed approximately \$4,057,876 in 1998. During 1998, contributions of \$2,350,478 from the City were required based upon the following contribution rates of covered payroll for the Plan's year ended June 30:

	<u>Employees</u>	<u>City</u>
Teachers	5.00%	2.63%
Police Officers	9.30%	3.39%
Firefighters	9.30%	5.40%

In addition to the normal contribution rates, 0.25% of covered payroll was contributed for administrative expenses.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans (continued)

The NHRS does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1998 for the NHRS as a whole, based on the most recent preliminary actuarial valuation performed as of June 30, 1998, was approximately \$2,924,662,000. The NHRS's net assets available for benefits at June 30, 1998, valued at market value, were approximately \$3,167,053,000. In addition, the system provides for the payment of post-retirement medical premiums up to a prescribed maximum for certain retirees. The City's 1998 contribution represented approximately 3.5% of total contributions required of all participating entities.

At June 30, 1994-1998 the schedule of funding progress is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Funded (Unfunded) AAL FAAL/(UAAL)	Funded Ratio	Covered Payroll	FAAL (UAAL) as a percentage of Covered Payroll
06/30/1994	\$ 1,897,588	\$ 1,954,158	\$ (56,570)	97.11 %	\$ 1,161,038	(4.87) %
06/30/1995	2,317,534	2,225,039	92,495	104.16 %	1,207,513	7.66 %
06/30/1996	2,564,119	2,418,898	145,221	106.00 %	1,227,770	11.83 %
06/30/1997	2,621,884	2,677,032	(55,148)	97.94 %	1,267,313	(4.35) %
06/30/1998	3,077,420	2,924,662	152,758	105.22 %	1,294,654	11.80 %

Teachers' Supplemental Benefits Payable at Retirement

Based on an agreement, effective in 1985, between the City and the Manchester Education Association, teachers who retire with twenty years of service in the Manchester School District are entitled, at the time of separation, to a one-time single sum payment of \$6,000 (Teachers' Supplemental). At June 30, 1998, the City had accrued \$2,013,655 in the General Long-Term Debt account group.

At June 30, 1998 employees covered by the supplemental retirement plan for teachers consisted of:

Active Employees	
Vested	410
Nonvested	<u>749</u>
	<u><u>1,159</u></u>

The benefit obligation is a standardized disclosure measure of the present value of benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Teachers' Supplemental funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the Teachers' Supplemental.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

11. Employee Benefit Plans (continued)

The June 30, 1998 benefit obligation was projected by the outside actuaries using participant data as of June 30, 1998. Significant actuarial assumptions used in the determination of the contribution and, where applicable, in arriving at the following information include (a) a discount rate of 7.5% per year compounded annually, (b) no post-retirement benefits, and (c) mortality based on the 1983 Group Annuity Mortality Table (male rates).

At June 30, 1998, the unfunded benefit obligation was estimated to be \$2,013,655 as follows:

Total benefit obligation:	
Beneficiaries currently accruing benefits	\$2,013,655
Net assets available for benefits	<u>-</u>
Unfunded pension benefit obligation	<u><u>\$2,013,655</u></u>

At June 30, 1994 - 1998 the schedule of funding progress is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Funded (Unfunded) AAL FAAL/(UAAL)	Funded Ratio	Covered Payroll	FAAL (UAAL) as a percentage of Covered Payroll
06/30/1994	-	\$ 2,065,355	\$ (2,065,355)	0.00 %	n/a	n/a %
06/30/1995	-	2,200,566	(2,200,566)	0.00 %	n/a	n/a %
06/30/1996	-	1,988,385	(1,988,385)	0.00 %	n/a	n/a %
06/30/1997	-	1,942,469	(1,942,469)	0.00 %	n/a	n/a %
06/30/1998		2,013,655	(2,013,655)	0.00 %	n/a	n/a %

Component Units - Manchester Transit Authority Pension Plan

The Manchester Transit Authority has a defined contribution plan covering all employees. Employees must complete a 90-day waiting period, and are fully vested after seven years. The MTA and its employees contribute to the plan based on a forty-hour week as follows:

MTA	\$0.52 / hour
Employees	\$0.37 / hour

MTA contributions for the year ended June 30, 1998, totaled \$47,680. Covered payroll was approximately \$1,260,000 out of a total payroll of \$1,886,466. The MTA's contribution represents 4.0% of covered payroll. The employees contributed \$33,418.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

12. Segment Information

Primary Government

The City maintains five enterprise funds: Water Works Fund, Environmental Protection Division (EPD) Fund, Aviation Fund, Recreation Fund and the Aggregation Fund, which provide water, sewer, airport, recreational services, and projected future energy savings respectively.

	Water Works Fund	EPD Fund	Aviation Fund	Recreation Fund	Aggregation Fund	Total
Operating revenues	\$ 8,497,973	\$ 10,751,537	\$ 11,316,416	\$ 1,927,381	\$ -	\$ 32,493,307
Depreciation/amortization	2,370,025	3,565,633	3,533,463	257,920	1,772	9,728,813
Operating income (loss)	750,007	2,127,024	1,348,537	(139,021)	(435,099)	3,651,448
Net income (loss)	551,984	2,585,669	(500,667)	(98,961)	(447,892)	2,090,133
Capital contributions	1,142,138	121,234	5,253,559	25,151	-	6,542,082
Property additions, net	4,467,364	7,435,604	16,583,446	96,407	17,724	28,600,545
Net working capital	50,614,240	84,822,108	55,251,189	3,631,020	(447,892)	193,870,665
Bonds and notes payable	6,628,952	28,847,557	39,472,366	250,000	-	75,198,875
Receivables	1,861,019	10,883,973	5,996,193	662,178	49,159	19,452,522
Total equity	50,614,240	84,822,108	55,251,189	3,631,020	(447,892)	193,870,665
Total assets	60,669,344	121,051,557	110,973,754	4,072,900	230,426	296,997,981
Due from other funds	317,864	-	-	-	-	317,864
Due to other funds	-	-	10,097,707	-	575,970	10,673,677

Component Units

	Manchester Transit Authority	Contributory Retirement System	Total
<u>Balance Sheet</u>			
Total assets	\$ 5,361,719	\$ 78,594,194	\$ 83,955,913
Receivables	643,770	-	643,770
Property additions, net	380,129	-	380,129
Total liabilities	1,053,248	649,721	1,702,969
Total equity	4,308,471	77,944,473	82,252,944

Statement of Revenues, Expenses, and Changes
in Retained Earnings/ Fund Balance

Operating revenues	\$ 3,312,884	\$ 11,806,339	\$ 15,119,223
Operating expenses	3,712,067	3,675,894	7,387,961
Operating income (loss)	(399,183)	8,130,445	7,731,262
Net income (loss)	(365,982)	9,242,352	8,876,370
Increase (decrease) in retained earnings/fund balance	(91,682)	9,242,352	9,150,670

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

13. Contingent Liabilities and Insurance

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Solicitor and other City officials, liabilities arising from these claims and legal actions, if any, will not be significant.

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be significant.

The City's insurance coverage consists of both self-insured programs and policies maintained with various carriers.

Accident and Health

Accident and health claims are administered through a private carrier. The City is self-insured under this program.

Property

Property insurance is maintained with a commercial insurer and provides for a deductible of \$100,000 for each claim and an overall coverage limit of \$100,000,000.

Liability

Liability claims are administered through a private carrier. The City is self-insured under this program, except for the Aviation Fund which maintains a liability insurance policy which provides coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. State law generally limits a city's liability for an incident to \$150,000 per individual and \$500,000 per incident.

Worker's Compensation

Worker's compensation claims are administered through a private carrier. The City is self-insured under this program for all City employees. \$7,307,252 for 1998 was recorded in the General Long-Term Debt account group as the City's estimated liability for all types of claims incurred in 1998 or prior, which have not been settled.

Regulatory

The City was issued an Administrative Order against it by the United States Environmental Protection Agency (EPA), ordering the City to evaluate and plan for appropriate treatment of combined sewer overflows pursuant to the Federal Clean Water Act. The City believes it is in compliance with the Administrative Order and is working with Federal and State authorities in dealing with combined sewer overflows from its publicly-owned treatment works. As of June 30, 1998, there is no pending claim by the EPD or the state.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

14. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of the balance sheet date. The \$17,003,807 reported as landfill closure and postclosure care liability at June 30, 1998 represents the cumulative amount reported to date based on use of 100 percent of the estimated capacity of the landfill. The City closed the landfill on June 28, 1996. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City anticipates that the funding for the landfill closure costs will be provided through the issuance of general obligation bonds.

15. Year 2000

The year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the City's computer programs may recognize a date using "00" as the year 1900 rather than the year 2000. Also, some programs may not be able to recognize that the year 2000 is a leap year. This could result in a system or equipment failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The City has created a Year 2000 Committee to address the year 2000 issue. The Committee has identified various programs and equipment that are critical to conducting the City's operations that need to be year 2000 compliant. The committee continues to monitor the year 2000 compliance efforts and is providing assistance and resources to accelerate compliance for all mission critical systems and equipment. The Committee is also assisting and monitoring efforts to develop contingency plans should year 2000 failures adversely affect any mission critical operations of the City.

The City has completed the awareness stage for all of its mission-critical systems and electronic equipment. The assessment stage has been completed for the City's accounting and 911 emergency response systems. The remediation stage is in process for the accounting, utility, and 911 emergency response systems. All mission critical systems and equipment are still subject to the validation/testing stage.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements (continued)
June 30, 1998

16. Subsequent Events

On October 8, 1998 the City issued \$124,275,000 of Airport Revenue Bonds with interest rates ranging from 3.75% to 4.50%. The bonds comprised of \$99,055,000 (Non-Amt) due from January 2009 through January 2028; \$19,145,000 due from January 2002 through January 2009; and \$6,075,000 (Taxable) bonds due from January 2000 through January 2002. The proceeds will be used for capital improvements, terminal expansion, construction of a parking garage, and equipment at the Manchester Airport.

The City has entered into a Consent Order with EPA and NHDES effective March 8, 1999, for the Phase I CSO. The first Phase, which is an 11 year project, will consist of sewer separation of most of the sewers on the west side of the City, separation of several areas on the east side, additional research and pilot study of technologies for Cemetery Brook, and preparation of a plan for Phase II to be submitted in 2010.

In addition to the work described above, the City has agreed to do \$5.6 million worth of additional environmental projects over a five-year period. The total cost for Phase I is estimated to be \$58 million. Costs will be repaid through the Sewer Fund by user fees.

On November 3, 1998 City voters passed a non-binding referendum approving the City's issuance of up to \$50,000,000 in revenue supported bonds for the construction of a civic center/arena. Subsequently, on December 15, 1998, the BMA adopted a resolution authorizing the approved issuance.



This Page Intentionally Left Blank

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

General Fund - to account for all revenues and expenditures of the City which are not accounted for in the other funds. Revenues are primarily derived from property taxes, other local taxes, licenses, permits and fees, and state and federal grants.

**G
E
N
E
R
A
L

F
U
N
D**

**General Fund
Comparative Combined Balance Sheets**

**City of Manchester, New Hampshire
June 30, 1998**

	<u>1998</u>	<u>1997</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 30,838,808	\$ 38,189,202
Restricted cash and cash equivalents	880,423	581
Investments	9,152,620	10,034,507
Receivables	16,126,794	12,481,632
Prepaid expenses	7,940	4,767
Due from other funds	16,638,192	2,702,443
Inventories	370,545	
Total Assets	<u>\$74,015,322</u>	<u>\$63,413,132</u>
<u>Liabilities and Fund Equity</u>		
Liabilities		
Accounts and warrants payable	\$5,147,691	\$1,775,273
Retainage payable	4,340	4,923
Accrued liabilities	1,380,274	3,002,709
Insurance claims payable	2,107,565	1,968,329
Due to other funds	51,390	
Deferred revenue	6,561,593	5,971,004
Taxes collected in advance	46,274,692	40,911,270
Other	1,901,384	332,915
Total Liabilities	<u>63,428,929</u>	<u>53,966,423</u>
Fund Equity		
Fund balances		
Reserved for		
Encumbrances	1,694,120	1,726,994
Workers' compensation		129,750
Health insurance	1,256,359	1,025,985
General liability insurance	1,153,735	1,274,945
Inventory	370,545	
Advances	575,970	
Unreserved		
Revenue stabilization	5,102,054	4,531,285
Undesignated fund balance	433,610	757,750
Total Fund Equity	<u>10,586,393</u>	<u>9,446,709</u>
Total Liabilities and Fund Equity	<u>\$74,015,322</u>	<u>\$63,413,132</u>

General Fund
Schedule of Revenues and Other Sources -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Taxes</u>			
Property tax	\$ 104,919,695	\$ 104,933,602	\$ 13,907
Boat tax	40,000	48,195	8,195
Railroad tax	4,000	5,203	1,203
Yield tax	-	334	334
Tax lien	50,000	33,070	(16,930)
Interest on tax	400,000	446,387	46,387
Interest on tax lien	800,000	689,685	(110,315)
Cost on deferred tax	40,000	42,702	2,702
Cost tax title	30,000	39,688	9,688
Miscellaneous tax	-	14,934	14,934
Cable TV permit	350,000	408,336	58,336
Central Business District	282,500	167,175	(115,325)
Total Taxes	<u>106,916,195</u>	<u>106,829,311</u>	<u>(86,884)</u>
<u>Federal and State Grants and Aid</u>			
CIP/federal capital	178,900	167,283	(11,617)
Medicare reimbursement	1,205,000	1,233,036	28,036
Traffic reimbursement	30,000	27,303	(2,697)
NH revenue sharing	2,237,902	2,237,902	-
Highway block grant	1,259,174	1,338,236	79,062
Landfill closure		39,288	39,288
School building aid	335,000	284,669	(50,331)
Kindergarten program	1,158,400	666,750	(491,650)
Emergency preparedness	15,000	7,998	(7,002)
FEMA		163,162	163,162
School catastrophic aid	438,960	542,781	103,821
School foundation aid	4,261,570	4,921,753	660,183
Rooms & Meals tax revenue	654,927	654,927	-
Business profit tax-city	2,075,310	2,075,310	-
Business profit tax-school	1,676,753	1,676,753	-
Lieu tax	225,000	270,034	45,034
Carpenter Center in lieu of tax	40,000	45,946	5,946
SFNS - state	1,335,000	1,321,494	(13,506)
Total Federal and State Grants and Aid	<u>17,126,896</u>	<u>17,674,625</u>	<u>547,729</u>

General Fund
Schedule of Revenues and Other Sources -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Nonenterprise Charges for Sales and Services</u>			
School district tuition	\$ 8,278,000	\$ 7,236,507	\$ (1,041,493)
WIC clinic	8,000	9,548	1,548
STD clinic test fee	-	2,371	2,371
Certified record	100,000	108,750	8,750
State/certification	(54,000)	(61,833)	(7,833)
Accident/investigation report	54,500	60,086	5,586
Record check	9,000	1,876	(7,124)
Fingerprint	12,000	16,064	4,064
Photograph sale	5,100	3,164	(1,936)
Police auction	14,000	15,704	1,704
Extra detail	64,500	81,026	16,526
Highway maintenance A/R	1,500	1,572	72
Inspection fee A/R	20,000	16,547	(3,453)
Delay rent on landfill	-	33,423	33,423
Dropoff Center	307,000	274,878	(32,122)
Care of lot and grave	-	794	794
Internment	-	100,535	100,535
Zoning variance	30,000	25,475	(4,525)
Parking ticket	800,000	648,286	(151,714)
Court parking fine	80,000	11,365	(68,635)
Towing fine	23,000	1,818	(21,182)
Building violation fine	12,900	14,843	1,943
District court fine	16,000	33,471	17,471
Highway violation fine	250	-	(250)
Dog pound fee	10,100	11,460	1,360
Parks - softball fee	2,000	1,100	(900)
Department supplies-Information System	-	25,057	25,057
Parking reserve	1,725,655	553,202	(1,172,453)
Parking-downtown meters	547,631	453,863	(93,768)
Vending commission	350	14	(336)
Bid fee	1,650	3,180	1,530
Game receipt	100,000	77,747	(22,253)
Photocopy	10,550	12,361	1,811
Fee duplicate tax receipt	2,000	3,371	1,371
Bounced check fee	10,150	12,148	1,998
Late fee	2,000	5,026	3,026
UCC financial statement	50,000	58,316	8,316
SFNS-rebate revenue	40,000	27,951	(12,049)
Blasting permit	300	600	300
Assembly permit	23,600	24,900	1,300
Bathing facility permit	4,200	5,710	1,510
Day care health inspection	800	950	150
Sewer tap fee	27,000	32,400	5,400
Grade certificate	1,500	1,900	400
HTLV testing and counseling	-	3,803	3,803
Immunization reimbursement	7,000	3,294	(3,706)

General Fund
Schedule of Revenues and Other Sources -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Nonenterprise Charges for</u>			
<u>Sales and Services (Continued)</u>			
Wage assignment fee	\$ 1,000	\$ 1,774	\$ 774
Sub-Division fee	12,000	22,050	10,050
Motor vehicle title fee	40,000	44,500	4,500
Deed fee	10	21	11
Municipal agent fee	150,000	169,977	19,977
Bike license	450	267	(183)
Fire standby fee	300	750	450
False fire alarm	7,000	14,400	7,400
Fire day care inspection	2,000	2,675	675
Fire alarm permit	161,800	167,820	6,020
Fire reinspection	6,000	9,620	3,620
Sprinkler system review	2,000	4,800	2,800
Telephone dialer fee	400	375	(25)
Site plan fee	52,000	68,284	16,284
Political filing fee	2,000	3,463	1,463
Booting fee	5,000	6,630	1,630
Review of life safety code plan	1,500	1,925	425
Central station monitoring	18,700	18,842	142
Hazardous inspection fee	8,750	1,100	(7,650)
Witness fee	145,200	126,094	(19,106)
Wellington sewer recovery	-	115,054	115,054
Equipment rental	500	271	(229)
Rental, book, etc - school	12,000	7,173	(4,827)
School lunch	1,706,000	1,752,996	46,996
Sale of grave lot	113,000	17,395	(95,605)
Sale of mausoleum	-	16,950	16,950
Cement container	7,000	39,773	32,773
New sidewalk	4,000	-	(4,000)
Newspaper ad income	500	-	(500)
Special education tuition	740,000	834,563	94,563
Other tuition	5,445	18,263	12,818
Vocational education tuition	285,000	288,635	3,635
Total Nonenterprise Charges for			
Sales and Services	15,837,791	13,711,063	(2,126,728)
<u>Licenses and Permits</u>			
Auto registration	9,003,000	10,037,102	1,034,102
Amusement license	12,500	9,791	(2,709)
Dog license	20,000	33,868	13,868
State share dog license	(8,000)	(9,139)	(1,139)
Mechanical device license	438,000	418,354	(19,646)
Other license	250	1,421	1,171
Sunday permit	85,000	81,579	(3,421)
Taxi license	15,000	13,738	(1,262)
Second hand license	1,000	2,480	1,480
Peddler license	9,000	10,250	1,250
Game of chance license	450	313	(137)

General Fund
Schedule of Revenues and Other Sources -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Licenses and Permits (Continued)</u>			
Towing license	\$ 350	\$ 18,288	\$ 17,938
Marriage license	46,000	38,835	(7,165)
State share marriage	(39,100)	(32,870)	6,230
Building permit	572,000	746,185	174,185
Electric permit	100,000	180,912	80,912
Plumbing permit	40,000	47,275	7,275
Heating permit	85,000	98,493	13,493
Sign permit	15,000	21,628	6,628
Elevator permit	1,200	765	(435)
Yard sale permit	4,500	5,086	586
Food permit	106,000	107,990	1,990
Septic permit	4,000	4,355	355
Excavation permit	47,000	46,260	(740)
Encumbrance permit	1,600	1,705	105
Gun permit	3,500	4,665	1,165
Alarm permit	125,000	105,651	(19,349)
Parking-lease	490,360	1,240,659	750,299
Highway Road Resurfacing	369,800	416,857	47,057
Certificate of compliance	180,000	206,468	26,468
Pipe layer certification	300	1,025	725
Reclamation trust fund	333,431	269,846	(63,585)
Review special hazard system plan	100		(100)
Hazardous user fee	12,000	-	(12,000)
Total Licenses and Permits	<u>12,074,241</u>	<u>14,129,835</u>	<u>2,055,594</u>
<u>Interest</u>			
Income from invested funds	<u>2,002,000</u>	<u>2,008,604</u>	<u>6,604</u>

**General Fund
Schedule of Revenues and Other Sources -
Budget and Actual (Budget Basis)**

**City of Manchester, New Hampshire
Year Ended June 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Other Revenues</u>			
Reimbursement O/T salary	\$ 34,683	\$ 127,817	\$ 93,134
HTLV education reimbursement	25,000	6,506	(18,494)
STD reimbursement	20,000	27,700	7,700
TB reimbursement	18,500	23,317	4,817
Lead Poisoning	85,000	24,578	(60,422)
ROTC	35,000	38,062	3,062
Welfare benefit recovery	50,500	31,420	(19,080)
Employee benefit	35,000	69,526	34,526
Accrued interest on bonds		37,239	37,239
Miscellaneous reimbursement	182,300	124,012	(58,288)
ESP program		1,463	1,463
Restitution	4,000	2,570	(1,430)
Traffic labor	8,300	5,166	(3,134)
Traffic administration	2,000	8,710	6,710
Airport reimbursement	60,000	52,298	(7,702)
EPD reimbursement		22,018	22,018
Water reimbursement		33,136	33,136
Wall St. Tower refinance	42,000	41,491	(509)
Scrap metal and salvage	2,500	1,137	(1,363)
Miscellaneous sale	-	100	100
Research fee	8,600	11,533	2,933
Excess receipt	50,000	111,298	61,298
Extra detail-revolving fund		43,146	43,146
Sewer Maintenance WWTP	70,000	(1,803)	(71,803)
Easements		500	500
Data processing	33,550	27,970	(5,580)
Map, print, etc.	9,850	9,728	(122)
Sale of code	50	1,618	1,568
Miscellaneous	-	202	202
Building rent	19,500	17,685	(1,815)
Police-cruiser rental	6,700	3,650	(3,050)
Recycling	-	2,295	2,295
Personnel application		1,927	1,927
Review for alarm system plan	3,000	6,595	3,595
School energy fee	172,500	4,979	(167,521)
Parking meter use permit	-	3,846	3,846
Transfer from trust	500,000	479,885	(20,115)
Total Other Revenues	<u>1,478,533</u>	<u>1,403,320</u>	<u>(75,213)</u>
Total Revenues	<u>\$ 155,435,656</u>	<u>\$ 155,756,758</u>	<u>\$ 321,102</u>
<u>Other Financing Sources</u>			
Transfer In		0	-
Total Other Sources	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues and Other Sources	<u>\$ 155,435,656</u>	<u>\$ 155,756,758</u>	<u>\$ 321,102</u>



This Page Intentionally Left Blank

General Fund
Statement of Expenditures, Encumbrances and
Other Uses - Budget and Actual (Budget Basis)

	Salaries & Wages	Employee Benefits	Purchased Professional Services	Purchased Property Services	Other Purchased Services
General Government					
Aldermen	\$ 65,000	\$ 24,717			
Assessors	334,518	59,355		\$ 666	7,863
Building	703,201	148,765		1,099	15,697
City Clerk	461,725	99,517		7,667	87,989
City Solicitor	460,166	109,903	\$ 25,761	121,140	105,783
Civic Contribution					
Conservation					40
Economic Development Office	145,782	26,373		31,336	12,702
Elderly Services	142,496	37,316		49,242	3,072
Finance	585,456	99,151		5,193	59,885
Information Systems	661,932	145,641	10,263	425,962	65,695
Mayor	131,861	30,714	20,000	327	3,932
Nondepartmental					
Non-city Program					
Personnel	453,653	211,696		1,541	8,948
Planning	528,176	88,806		40,366	35,934
Public Buildings	770,788	250,620	10,530	464,199	2,086,140
Tax Collector	392,809	71,597	21,922	2,605	22,522
Youth Services	269,695	56,246	915	22,442	10,147
Benefit allocation		(1,114,513)			121,210
Total General Government	6,107,258	345,904	89,391	1,173,785	2,647,559
Public Safety					
Fire	9,665,253	2,020,842	38,860	195,788	88,887
Police	10,009,857	2,137,417	8,742	232,352	398,530
Total Public Safety	19,675,110	4,158,259	47,602	428,140	487,417
Health and Sanitation					
Health	1,336,296	298,878	18,584	60,297	17,793
Total Health and Sanitation	1,336,296	298,878	18,584	60,297	17,793
Highway and Streets					
Highway	6,169,397	1,461,024	5,033	3,697,075	228,923
Traffic	1,131,569	278,207	33,335	668,232	37,286
Total Highway and Streets	7,300,966	1,739,231	38,368	4,365,307	266,209
Welfare					
Welfare	333,245	73,726	7,091	45,900	5,089
Total Welfare	333,245	73,726	7,091	45,900	5,089
Education					
High School Athletics	343,099	49,428	570	713,097	95,828
Library	1,097,632	226,575		54,652	59,808
School	50,559,348	11,110,141	918,473	2,902,538	2,881,566
School Food & Nutrition Service	1,131,009	295,445		90,867	8,703
Total Education	53,131,088	11,681,589	919,043	3,761,154	3,045,905
Parks and Recreation					
Parks & Recreation	1,272,452	325,327	755	76,611	48,479
Total Parks and Recreation	1,272,452	325,327	755	76,611	48,479
Debt Service					
Principal retirement					
Interest					
Total Debt Service	-	-	-	-	-
Total Expenditures	89,156,415	18,622,914	1,120,834	9,911,194	6,518,451
Other					
Community improvement program					
Total Other Financing Uses	-	-	-	-	-
Total Expenditures and Other Uses	\$ 89,156,415	\$ 18,622,914	\$ 1,120,834	\$ 9,911,194	\$ 6,518,451

Supplies & Materials	Capital Outlay	Miscellaneous	1998 Total Commitments	1998 Budget	Variance Favorable (Unfavorable)	1997 Total Commitments
			\$ 89,717	\$ 89,717		\$ 91,154
\$ 2,926	\$ 1,694	\$ 13,804	420,826	420,826		356,470
4,656	130	1,147	874,695	887,896	\$ 13,201	824,455
10,695	17,950	29,510	715,053	723,200	8,147	686,974
20,681		33,884	877,318	1,154,326	277,008	600,437
		100,289	100,289	106,400	6,111	68,301
108		800	948	2,905	1,957	3,194
3,340		1,077	220,610	229,382	8,772	267,428
8,401		90	240,617	242,860	2,243	230,556
21,061	7,067	237,052	1,014,865	1,024,944	10,079	1,534,406
68,525	132,183	210	1,510,411	1,510,414	3	985,866
1,625		168	188,627	195,795	7,168	127,109
		1,406,815	1,406,815	1,539,186	132,371	8,494,456
		177,314	177,314	181,500	4,186	184,471
11,354		12,220	699,412	718,313	18,901	383,995
4,602	484	770	699,138	723,937	24,799	604,064
194,677	(36,014)	87,606	3,828,546	3,840,519	11,973	3,361,111
1,748		118	513,321	544,818	31,497	-
2,725	345	5,142	367,657	388,005	20,348	348,694
			(993,303)	(1,333,288)	(339,985)	-
357,124	123,839	2,108,016	12,952,876	13,191,655	238,779	19,153,141
295,958	117,672	13,274	12,436,534	12,587,395	150,861	12,219,559
387,317	68,998	69,556	13,312,769	13,381,550	68,781	11,876,846
683,275	186,670	82,830	25,749,303	25,968,945	219,642	24,096,405
12,046	7,071	16,793	1,767,758	1,945,503	177,745	1,609,731
12,046	7,071	16,793	1,767,758	1,945,503	177,745	1,609,731
979,834	388,881	1,106,460	14,036,627	14,357,558	320,931	13,398,266
633,707	68,989	8,277	2,859,602	2,934,358	74,756	-
1,613,541	457,870	1,114,737	16,896,229	17,291,916	395,687	13,398,266
2,080	(200)	501,825	968,756	1,211,613	242,857	1,115,655
2,080	(200)	501,825	968,756	1,211,613	242,857	1,115,655
27,075	61,812	18,462	1,309,371	1,349,682	40,311	1,186,168
280,841	15,573	275	1,735,356	1,748,573	13,217	1,569,989
3,365,710	428,583	336,393	72,502,752	71,253,950	(1,248,802)	59,838,992
1,578,500	50,030		3,154,554	3,135,439	(19,115)	2,635,600
5,252,126	555,998	355,130	78,702,033	77,487,644	(1,214,389)	65,230,749
160,784	31,254	21,735	1,937,397	2,017,028	79,631	1,912,160
160,784	31,254	21,735	1,937,397	2,017,028	79,631	1,912,160
		11,320,483	11,320,483	11,320,483	-	10,355,575
		4,843,668	4,843,668	4,843,669		5,145,799
-	-	16,164,151	16,164,151	16,164,152	-	15,501,374
8,080,976	1,362,502	20,365,217	155,138,503	155,278,456	139,952	142,017,481
		1,174,700	1,174,700	1,174,700	-	910,000
-	-	1,174,700	1,174,700	1,174,700	-	910,000
\$ 8,080,976	\$ 1,362,502	\$ 21,539,917	\$ 156,313,203	\$ 156,453,156	\$ 139,952	\$ 142,927,481



This Page Intentionally Left Blank

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

Special Revenue Funds - to account for revenues legally restricted for specific expenditures.

Education Special Revenue Fund - to account for educational programs specifically financed through Federal, State and private grants.

School of Technology Fund - to account for revenues generated by the Manchester School of Technology.

Cash Special Projects Fund - to account for cash funded special programs, administered by City Departments.

CDGB - to account for various Community Development Block Grant funded programs.

Other Grant Fund - to account for all other Federal, State and private grants for special programs administered by City departments.

Civic Center - to account for a portion of the Meals and Rooms Tax distribution from the State of New Hampshire to help fund a City owned civic center.

Revolving Loan Fund - to account for a loan program funded by CDBG funds.

Manchester Development Corporation - to account for the MANCHESTER DEVELOPMENT CORPORATION (MDC), which is a blended component unit of the City. The MDC is a non-profit corporation organized for the purpose of providing economic development services for the City.

**S
P
E
C
I
A
L

R
E
V
E
N
U
E

F
U
N
D
S**



This Page Intentionally Left Blank

Special Revenue Funds
Combining Balance Sheets

	Education Special Revenue Fund	School of Technology Fund	Cash Special Projects Fund	CDBG Fund
<u>Assets</u>				
Cash and cash equivalents		\$ 58,981	\$ 1,100,374	
Restricted cash and cash equivalents				
Investments				
Receivables	\$ 5,727,129			\$ 244,491
Due from other funds	7,435			
Total Assets	\$ 5,734,564	\$ 58,981	\$ 1,100,374	\$ 244,491
<u>Liabilities and Fund Equity</u>				
Liabilities				
Accounts and warrants payable	\$ 334,769	\$ 13,805	\$ 76,517	\$ 119,885
Retainage payable	4,445			3,068
Accrued liabilities	106,933	28	5,508	5,491
Due to other funds	4,606,267			311,593
Deferred revenue				
Total Liabilities	5,052,414	13,833	82,025	440,037
Fund Equity				
Fund balances				
Reserved for				
Encumbrances	420,277	32,373	120,585	221,323
Unreserved				
Undesignated fund balance	261,873	12,775	897,764	(416,869)
Total Fund Equity	682,150	45,148	1,018,349	(195,546)
Total Liabilities and Fund Equity	\$ 5,734,564	\$ 58,981	\$ 1,100,374	\$ 244,491

City of Manchester, New Hampshire
June 30, 1998

Other Grants Fund	Civic Center Fund	Revolving Loan Fund	Manchester Development Corporation	Combined Special Revenue Funds
\$ 26,521	\$ 1,169,655	\$ 2,754 129,481	\$ 1,161,247 25,677 1,138,032 831,328	\$ 3,493,011 181,679 1,138,032 8,360,320 404,083
1,557,372 396,648				
\$ 1,980,541	\$ 1,169,655	\$ 132,235	\$ 3,156,284	\$ 13,577,125
\$ 329,666		\$ 44,996	\$ 9,524	\$ 929,162 7,513 157,474 5,559,496 26,061
13,837 641,636 26,061			25,677	
1,011,200	-	44,996	35,201	6,679,706
216,272				1,010,830
753,069	\$ 1,169,655	87,239	3,121,083	5,886,589
969,341	1,169,655	87,239	3,121,083	6,897,419
\$ 1,980,541	\$ 1,169,655	\$ 132,235	\$ 3,156,284	\$ 13,577,125

Special Revenue Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances

	Education Special Revenue Fund	School of Technology Fund	Cash Special Projects Fund
<u>Revenues</u>			
Taxes	\$ 136,112		
Federal and state grants and aid	5,672,156		
Nonenterprise charges for sales and services	813,438	\$ 140,699	
Interest			
Other	27,177		
Total Revenues	6,648,883	140,699	
<u>Expenditures</u>			
Current:			
General government			\$ 296,500
Public safety			65,716
Health and sanitation			
Highway and streets			462,257
Welfare			101,046
Education	6,466,703	162,392	40,939
Parks and recreation			69,174
Total Expenditures	6,466,703	162,392	1,035,632
Excess (deficiency) of revenues over expenditures	182,180	(21,693)	(1,035,632)
<u>Other Financing Sources (Uses)</u>			
Transfers in	94,100		1,174,700
Transfers out	(94,100)		
Total Other Financing Sources (Uses)			1,174,700
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	182,180	(21,693)	139,068
Fund Balances, beginning of year	499,970	66,841	879,281
Fund Balances, end of year	\$ 682,150	\$ 45,148	\$ 1,018,349

City of Manchester, New Hampshire
Year Ended June 30, 1998

CDBG Fund	Other Grant Fund	Civic Center Fund	Revolving Loan Fund	Manchester Development Corporation	Combined Special Revenue Funds
					\$ 136,112
\$ 3,040,365	\$ 3,415,556	\$ 443,063			12,571,140
	221,183				1,175,320
		57,254	\$ 18,118	\$ 149,431	224,803
	631,542			8,379	667,098
3,040,365	4,268,281	500,317	18,118	157,810	14,774,473
1,452,366	1,579,822			63,866	3,392,554
59,399	972,474				1,097,589
36,266	515,809				552,075
1,335,178	808,206				2,605,641
	74,179				175,225
132	10,724				6,680,890
255,177	12,147				336,498
3,138,518	3,973,361			63,866	14,840,472
(98,153)	294,920	500,317	18,118	93,944	(65,999)
(69,121)			69,121		1,337,921
(69,121)			69,121		(163,221)
					1,174,700
(167,274)	294,920	500,317	87,239	93,944	1,108,701
(28,272)	674,421	669,338		3,027,139	5,788,718
\$ (195,546)	\$ 969,341	\$ 1,169,655	\$ 87,239	\$ 3,121,083	\$ 6,897,419



This Page Intentionally Left Blank

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

**E
N
T
E
R
P
R
I
S
E

F
U
N
D
S**

Enterprise Funds - to account for the operations of the City that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis will be recovered or financed primarily through user charges.

Water Works Fund - to account for the operations of the Water Works whose primary responsibility is providing water service for residential, commercial and industrial entities for the City and six surrounding communities.

Environmental Protection Division (EPD) Fund - to account for the operations of the sewer treatment facility as well as all services related to the treatment of sewage for the City and three surrounding communities.

Aviation Fund - to account for the operations of the City's airport which is operated by the Department of Aviation.

Recreation Fund - to account for certain operations of the Parks and Recreation Department related to the revenue generating recreational facilities owned by the City. These facilities included a ski area, a golf course, a stadium and two ice skating rinks.

Aggregation Fund - to account for the operations of the Joint Community Aggregation Program administered by the City. The primary purpose of the program is to reduce energy costs through aggregating purchasing requirements.



This Page Intentionally Left Blank

Enterprise Funds
Combining Balance Sheets

	Water Works Fund	EPD Fund
<u>Assets</u>		
Cash and cash equivalents	\$ 238,904	\$ 21,797,496
Restricted cash and cash equivalents	794,275	935,390
Investments		
Receivables	1,861,019	10,883,973
Prepaid expenses	147,495	7,856
Due from other funds	317,864	
Inventories	567,748	24,055
Property and equipment, net	56,742,039	87,402,787
Total Assets	<u>\$ 60,669,344</u>	<u>\$ 121,051,557</u>
<u>Liabilities and Fund Equity</u>		
Liabilities		
Accounts and warrants payable	\$ 469,519	\$ 4,521,248
Retainage payable	296,719	430,739
Accrued liabilities	153,869	1,185,370
Due to other funds		
Amount payable for pension benefits	1,688,145	1,018,215
Bonds and notes payable	6,628,952	28,847,557
Accrual for compensated absences	597,488	192,491
Other	220,412	33,829
Total Liabilities	<u>10,055,104</u>	<u>36,229,449</u>
Fund Equity		
Contributed capital	28,779,811	52,758,541
Retained earnings		
Reserved	520,346	504,651
Unreserved	21,314,083	31,558,916
Total Fund Equity	<u>50,614,240</u>	<u>84,822,108</u>
Total Liabilities and Fund Equity	<u>\$ 60,669,344</u>	<u>\$ 121,051,557</u>

City of Manchester, New Hampshire
June 30, 1998

Aviation Fund	Recreation Fund	Aggregation Fund	Combined Enterprise Funds
\$ 83,565	\$ 171,481		\$ 22,291,446
4,577,037			6,306,702
3,337,719			3,337,719
5,996,193	662,178	\$ 49,159	19,452,522
761,264		159,407	1,076,022
			317,864
		5,908	597,711
96,217,976	3,239,241	15,952	243,617,995
\$ 110,973,754	\$ 4,072,900	\$ 230,426	\$ 296,997,981
\$ 4,519,379	\$ 71,196	\$ 100,500	\$ 9,681,842
1,107			728,565
1,305,284			2,644,523
10,097,707		575,970	10,673,677
			2,706,360
39,472,366	250,000		75,198,875
61,884	75,614		927,477
264,838	45,070	1,848	565,997
55,722,565	441,880	678,318	103,127,316
43,060,379	2,688,776		127,287,507
5,594,354			6,619,351
6,596,456	942,244	(447,892)	59,963,807
55,251,189	3,631,020	(447,892)	193,870,665
\$ 110,973,754	\$ 4,072,900	\$ 230,426	\$ 296,997,981

Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings

	Water Works Fund	EPD Fund
<u>Operating Revenues</u>		
Charges for goods and services	\$ 8,497,973	\$ 10,751,537
Other		
Total Operating Revenues	8,497,973	10,751,537
<u>Operating Expenses</u>		
Personnel services	2,952,176	1,948,033
Plant maintenance	797,420	814,363
Light/heat and power	862,804	1,617,441
General and administrative	765,541	679,043
Depreciation and amortization	2,370,025	3,565,633
Total Operating Expenses	7,747,966	8,624,513
Operating Income (Loss)	750,007	2,127,024
<u>Non-Operating Revenues (Expenses), net</u>		
Soundproofing program grant		
Soundproofing program expense		
Interest income	152,104	1,290,738
Interest expense	(395,867)	(1,311,883)
Reimbursements of bond interest expense		370,344
Passenger facility charges		
Rent and other income	45,740	109,446
Loss on disposal of fixed assets		
Total Non-Operating Revenues (Expenses)	(198,023)	458,645
Income (loss) before extraordinary item	551,984	2,585,669
Net Income (Loss)	551,984	2,585,669
Add depreciation on fixed assets acquired by grants and user contributions externally restricted for capital acquisitions and construction that reduces contributed capital	557,295	2,094,171
Increase in Retained Earnings	1,109,279	4,679,840
Retained Earnings, beginning of year	20,725,150	27,383,727
Retained Earnings, end of year	\$ 21,834,429	\$ 32,063,567

City of Manchester, New Hampshire
Year Ended June 30, 1998

Aviation Fund	Recreation Fund	Aggregation Fund	Combined Enterprise Funds
\$ 10,304,303	\$ 1,926,056		\$ 31,479,869
1,012,113	1,325		1,013,438
11,316,416	1,927,381		32,493,307
2,089,729	1,151,191	\$ 92,568	8,233,697
1,909,492	136,831		3,658,106
727,077	312,182		3,519,504
1,708,118	208,278	340,759	3,701,739
3,533,463	257,920	1,772	9,728,813
9,967,879	2,066,402	435,099	28,841,859
1,348,537	(139,021)	(435,099)	3,651,448
1,245,741			1,245,741
(2,712,242)			(2,712,242)
407,204	19,660		1,869,706
(2,594,835)		(12,793)	(4,315,378)
			370,344
1,830,489			1,830,489
	20,400		175,586
(25,561)			(25,561)
(1,849,204)	40,060	(12,793)	(1,561,315)
(500,667)	(98,961)	(447,892)	2,090,133
(500,667)	(98,961)	(447,892)	2,090,133
1,656,529	207,122		4,515,117
1,155,862	108,161	(447,892)	6,605,250
11,034,948	834,083		59,977,908
\$ 12,190,810	\$ 942,244	\$ (447,892)	\$ 66,583,158

Enterprise Funds
Combining Statement of Cash Flows

	Water Works Fund	EPD Fund
<u>Cash Flows from Operating Activities</u>		
Cash received from customers	\$ 8,436,459	\$ 11,321,585
Cash payments for goods and services	(2,364,250)	(1,719,586)
Cash payments to employees for services	(3,230,428)	(1,797,424)
Other operating revenues		
Net Cash Provided by Operating Activities	2,841,781	7,804,575
<u>Cash Flows from Non-Capital and Related Financing Activities</u>		
Amounts from federal & state governments for soundproofing		
Soundproofing related expenses		
Reimbursement of bond interest expenses		370,344
Passenger facility charges		
Short-term cash advance from City	18,240	
Net Cash Provided by Non-Capital & Related Financing Activities	18,240	370,344
<u>Cash Flows from Capital and Related Financing Activities</u>		
Proceeds from restricted cash	(785,150)	(830,910)
Proceeds from general obligation bonds		
Proceeds from State of New Hampshire Revolving Fund		2,029,717
Principal paid on bonds	(986,504)	(1,135,674)
Interest paid on bonds	(395,867)	(1,370,633)
Contributed capital by federal, state & local governments	1,142,138	121,234
Acquisition and construction of capital assets	(4,576,750)	(7,435,604)
Proceeds from sale of equipment		
Net Cash Provided (Used) by Capital & Related Financing Activities	(5,602,133)	(8,621,870)
<u>Cash Flows from Investing Activities</u>		
(Purchase) Sale of investment securities	874,670	2,397,315
Interest paid on cash advances		
Interest and dividends from investments	152,104	1,434,214
Net Cash Provided (Used) by Investing Activities	1,026,774	3,831,529
Net Increase in Cash and Cash Equivalents	(1,715,338)	3,384,578
Restricted cash		
Cash and cash equivalents at beginning of period	1,954,272	18,412,918
Cash and Cash Equivalents at End of Period	\$ 238,934	\$ 21,797,496
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>		
Operating income (loss)	\$ 750,007	\$ 2,127,024
Adjustments to reconcile operating income (loss) to cash provided by operating activities:		
Depreciation and amortization	2,370,025	3,565,633
Non-operating revenue	45,740	109,446
<u>Change in Assets and Liabilities</u>		
(Increase) decrease in receivables	(61,514)	426,573
(Increase) in inventories	99,860	11,732
(Increase) decrease in prepaid expenses and other assets	(102,394)	(3,864)
Increase (decrease) in accounts payable	159,743	1,106,786
Increase (decrease) in accrued and other liabilities	(357,249)	428,082
Increase (decrease) in compensated absences	(62,437)	33,163
Net Cash Provided by Operating Activities	\$ 2,841,781	\$ 7,804,575

Aviation Fund	Recreation Fund	Aggregation Fund	Combined Enterprise Funds
\$ 10,544,249 (3,849,965) (2,072,480)	\$ 1,437,619 (628,428) (1,150,008) 20,400	\$ (454,733) (90,720)	\$ 31,739,912 (9,016,962) (8,341,060) 20,400
4,621,804	(320,417)	(545,453)	14,402,290
1,245,741 (2,712,242)			1,245,741 (2,712,242) 370,344
1,830,489 7,848,538		575,970	1,830,489 8,442,748
8,212,526	-	575,970	9,177,080
	250,000		(1,616,060) 250,000 2,029,717
(840,988) (2,614,873) 5,253,559 (16,745,016) (11,420)	(70,966)	(17,724)	(2,963,166) (4,381,373) 6,516,931 (28,846,060) (11,420)
(14,958,738)	179,034	(17,724)	(29,021,431)
(2,869)			3,269,116 (12,793)
407,204	19,660	(12,793)	2,013,182
404,335	19,660	(12,793)	5,269,505
(1,720,073)	(121,723)	-	(172,556)
6,380,675 -	293,204	-	6,380,675 20,660,394
\$ 4,660,602	\$ 171,481	\$ -	\$ 26,868,513
\$ 1,348,537	\$ (139,021)	\$ (435,099)	\$ 3,651,448
3,533,463	257,920 20,400	1,772	9,728,813 175,586
(3,744,009)	(490,489)	(49,159) (5,908)	(3,918,598) 105,684 (74,450)
31,808 3,637,775 (203,019) 17,249	28,863 10,725 (8,815)	(159,407) 100,500 1,848	4,773,760 (20,961) (18,992)
\$ 4,621,804	\$ (320,417)	\$ (545,453)	\$ 14,402,290



This Page Intentionally Left Blank

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

**F
I
D
U
I
A
R
Y

F
U
N
D

T
Y
P
E
S**

Trust Funds - to account for assets held by the City in a trustee capacity

Nonexpendable Cemetery Trust Fund - to account for assets, contributions and income earned on investments used to maintain the City's cemeteries and endowment funds, as well as for other purposes deemed appropriate by the Trustees.

Nonexpendable Library Trust Fund - to account for contributions and income earned on investments used to maintain the City's library. The principal of the Trust is preserved with income used to add to the City's library resources.

Expendable Trust Funds - to account for contributions and income received from various revenue sources for non-capital and capital reserve funds.

Agency Funds - to account for assets held by the City as an agent for individuals or other governmental units.

Deferred Compensation Fund - to account for the funds invested by employees of the City and held by a Trustee until retirement, death, termination or unforeseeable emergency.

County Tax Fund - to account for the county assessment collected by the City on the county's behalf.



This Page Intentionally Left Blank

Trust & Agency Funds
Combining Balance Sheets

	<u>Expendable Trust</u>	<u>Deferred Compensation Trust</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 147,756	
Investments	2,235,098	
Receivables	9,877	
Property rights under deferred compensation		\$ 12,116,373
Total Assets	<u>\$ 2,392,731</u>	<u>\$ 12,116,373</u>
<u>Liabilities and Fund Equity</u>		
<u>Liabilities</u>		
Due to other funds	\$ 714,511	
Deferred revenue		
Property rights under deferred compensation		\$ 12,116,373
Total Liabilities	<u>714,511</u>	<u>12,116,373</u>
<u>Fund Equity</u>		
Fund balances		
Reserved for		
Cemetery and other trust funds	1,678,220	
Library		
Total Fund Equity	<u>1,678,220</u>	
Total Liabilities and Fund Equity	<u>\$ 2,392,731</u>	<u>\$ 12,116,373</u>

City of Manchester, New Hampshire
June 30, 1998

<u>Nonexpendable</u>			
<u>Cemetery Trust</u>	<u>Library Trust</u>	<u>Agency Funds</u>	<u>Total</u>
\$ 169,814	\$ 230,546		\$ 548,116
11,182,732	2,448,555		15,866,385
51,881	18,031	\$ 361,065	440,854
			12,116,373
<u>\$ 11,404,427</u>	<u>\$ 2,697,132</u>	<u>\$ 361,065</u>	<u>\$ 28,971,728</u>
		\$ 361,065	\$ 1,075,576
			12,116,373
<u>-</u>	<u>-</u>	<u>361,065</u>	<u>13,191,949</u>
\$ 11,404,427			13,082,647
	\$ 2,697,132		2,697,132
<u>11,404,427</u>	<u>2,697,132</u>	<u>-</u>	<u>15,779,779</u>
<u>\$ 11,404,427</u>	<u>\$ 2,697,132</u>	<u>\$ 361,065</u>	<u>\$ 28,971,728</u>

Nonexpendable Trust Funds
Combining Statement of Revenues, Expenses,
and Changes in Fund Balances

	Cemetery Trust
<u>Revenues</u>	
Interest and dividends	\$ 427,055
Contributions	142,423
Net gain on sale of securities	1,228,239
Total Revenues	1,797,717
<u>Expenses</u>	
Cemetery	358,365
Library	
Investment management fee	20,082
Total Expenses	378,447
Excess of revenues over expenses	1,419,270
Fund Balances, beginning of year (as previously reported)	6,919,230
Accounting change	3,065,927
Fund Balance beginning of year (restated)	9,985,157
Fund Balance, end of year	\$ 11,404,427

City of Manchester, New Hampshire
Year Ended June 30, 1998

Library Trust	Combined Nonexpendable Trusts
\$ 203,209	\$ 630,264
5,600	148,023
274,175	1,502,414
482,984	2,280,701
	358,365
76,145	76,145
15,583	35,665
91,728	470,175
391,256	1,810,526
1,684,006	8,603,236
621,870	3,687,797
2,305,876	12,291,033
\$ 2,697,132	\$ 14,101,559

**Nonexpendable Trust Funds
Combining Statement of Cash Flows**

**City of Manchester, New Hampshire
Year Ended June 30, 1998**

	Cemetery Trust	Library Trust	Combined Nonexpendable Trusts
<u>Cash Flows from Operating Activities</u>			
Contributions	\$142,423	\$5,600	\$148,023
Cash payments for goods and services	(358,365)	(76,145)	(434,510)
Net Cash Used by Operating Activities	(215,942)	(70,545)	(286,487)
<u>Cash Flows from Investing Activities</u>			
Purchase of investment securities	(10,748,598)	(897,350)	(11,645,948)
Proceeds from sale and maturities of investment securities	10,695,278	1,123,135	11,818,413
Interest and dividends from investments	422,281	64,817	487,098
Net Cash Provided (Used) by Investing Activities	368,961	290,602	659,563
Net Increase in Cash and Cash Equivalents	153,019	220,057	373,076
Cash and cash equivalents at beginning of period	16,795	10,489	27,284
Cash and Cash Equivalents at End of Period	\$169,814	\$230,546	\$400,360
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	(\$210,502)	(\$66,765)	(\$277,267)
Change in Assets and Liabilities			
(Increase) decrease in receivables		(3,780)	(3,780)
Increase in interfund liabilities	(5,440)		(5,440)
Net Cash Used by Operating Activities	(\$215,942)	(\$70,545)	(\$286,487)

	Balance beginning of Year	Additions	Deductions	Balance end of Year
<u>County Tax Fund</u>				
Assets				
Receivables	<u>\$405,020</u>	<u></u>	<u>(\$43,955)</u>	<u>\$361,065</u>
Liabilities				
Due to other funds	<u>\$405,020</u>	<u></u>	<u>(\$43,955)</u>	<u>\$361,065</u>



This Page Intentionally Left Blank

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

Discrete Component Units - are entities which are legally separate from the City, but are financially accountable to the City, or whose relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

Manchester Transit Authority Fund - to account for the operations of the public transportation system.

Pension Trust Fund - to account for the operations of the administration of the assets of the contributory retirement system.

**D
I
S
C
R
E
T
E

C
O
M
P
O
N
E
N
T

U
N
I
T
S**

Discrete Component Units
Combining Balance Sheets

City of Manchester, New Hampshire
June 30, 1998

	Manchester Transit Authority	Pension Trust	Combined Component Units
<u>Assets</u>			
Cash and cash equivalents	\$ 1,027,402		\$ 1,027,402
Investments		\$ 78,338,802	78,338,802
Receivables	643,770	247,156	890,926
Prepaid expenses	31,395	8,236	39,631
Property rights under deferred compensatio	701,699		701,699
Inventories	260,825		260,825
Property and equipment, net	2,696,628		2,696,628
Total Assets	<u>\$5,361,719</u>	<u>\$78,594,194</u>	<u>\$83,955,913</u>
<u>Liabilities and Fund Equity</u>			
Liabilities			
Accounts and warrants payable	\$ 44,117	\$ 164,906	\$ 209,023
Accrued liabilities	48,339	253,642	301,981
Deferred revenue	14,994		14,994
Accrual for compensated absences	244,099		244,099
Property rights under deferred compensa	701,699		701,699
Other		231,173	231,173
Total Liabilities	<u>1,053,248</u>	<u>649,721</u>	<u>1,702,969</u>
Fund Equity			
Contributed capital	1,023,980		1,023,980
Retained earnings			
Reserved	1,460,032		1,460,032
Unreserved	1,824,459		1,824,459
Fund balances			
Reserved for			
Employees' Retirement System		77,944,473	77,944,473
Total Fund Equity	<u>4,308,471</u>	<u>77,944,473</u>	<u>82,252,944</u>
Total Liabilities and Fund Equity	<u>\$ 5,361,719</u>	<u>\$ 78,594,194</u>	<u>\$ 83,955,913</u>

**Discrete Component Units
Combining Statement of Revenues, Expenses,
and Changes in Retained Earnings/Fund Balances**

**City of Manchester, New Hampshire
Year Ended June 30, 1998**

	Manchester Transit Authority	Pension Trust	Combined Component Unit
<u>Revenues</u>			
Charges for goods and services	\$ 1,983,837		\$ 1,983,837
Contributions	1,329,047	\$ 1,000,851	2,329,898
Net gain on sale of securities		10,805,488	10,805,488
Total Revenues	3,312,884	11,806,339	15,119,223
<u>Expenses</u>			
Personnel services	2,414,918		2,414,918
Plant maintenance	399,386		399,386
Light/heat and power	76,096		76,096
General and administrative	186,175	363,041	549,216
Depreciation and amortization	635,492		635,492
Investment management fee		465,374	465,374
Benefit payments		2,847,479	2,847,479
Total Expenses	3,712,067	3,675,894	7,387,961
Operating Income (loss)	(399,183)	8,130,445	7,731,262
<u>Non-Operating Revenues, net</u>			
Interest income	33,201	1,111,907	1,145,108
Non-Operating Revenues	33,201	1,111,907	1,145,108
Net Income (loss)	(365,982)	9,242,352	8,876,370
Add depreciation on fixed assets acquired by grants and user contributions externally restricted for capital acquisitions and construction that reduces contributed capital	274,300		274,300
Increase (decrease) in Retained Earnings/Fund Balance	(91,682)	9,242,352	9,150,670
Retained Earnings/Fund Balances, beginning of year	3,376,173	68,702,121	72,078,294
Retained Earnings/Fund Balances, end of year	\$ 3,284,491	\$ 77,944,473	\$ 81,228,964

See accompanying notes.

Discrete Component Units
Statement of Cash Flows

City of Manchester, New Hampshire
Year Ended June 30, 1998

	Manchester Transit Authority
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$1,755,102
Cash payments for goods and services	(600,376)
Cash payments to employees for services	(2,438,257)
Net Cash Provided by Operating Activities	(1,283,531)
<u>Cash Flows from Non-Capital and Related Financing Activities</u>	
Receipt of operating assistance	1,329,047
Net Cash Provided by Non-Capital & Related Financing Activities	1,329,047
<u>Cash Flows from Capital and Related Financing Activities</u>	
Contributed capital by federal, state & local governments	497,044
Acquisition and construction of capital assets	(1,015,621)
Net Cash Provided (Used) by Capital & Related Financing Activities	(518,577)
<u>Cash Flows from Investing Activities</u>	
Interest and dividends from investments	33,201
Net Cash Provided by Investing Activities	33,201
Net Increase in Cash and Cash Equivalents	(439,860)
Cash and cash equivalents at beginning of period	1,467,262
Cash and Cash Equivalents at End of Period	<u>\$1,027,402</u>
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	(\$1,728,230)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:	
Depreciation and amortization	635,492
Change in Assets and Liabilities	
(Increase) in receivables	(238,042)
Decrease in inventories	(13,170)
(Increase) in prepaid expenses and other assets	57,029
(Decrease) in accounts payable	17,022
Increase in accrued and other liabilities	10,684
Increase(Decrease) in compensated absences	(24,316)
Net Cash Used by Operating Activities	<u>(\$1,283,531)</u>



This Page Intentionally Left Blank

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 1998

General Fixed Assets Account Group - to account for all fixed assets of the City not related to specific proprietary or trust funds.

**G
E
N
E
R
A
L

F
I
X
E
D

A
S
S
E
T
S**
**A
C
C
O
U
N
T

G
R
O
U
P**

General Fixed Assets Account Group
Schedule of General Fixed Assets - By Source

City of Manchester, New Hampshire
June 30, 1998

General Fixed Assets

Land	\$11,056,431
Buildings	100,199,177
Improvements other than buildings	9,161,575
Equipment	19,675,411
Vehicles	13,744,909

Total General Fixed Assets	<u>\$153,837,503</u>
-----------------------------------	-----------------------------

Investments in General Fixed Assets

Capital project funds	\$99,537,694
General fund revenues	27,347,479
Special revenue funds	26,952,330

Total Investments in General Fixed Assets	<u>\$153,837,503</u>
--	-----------------------------

General Fixed Assets Account Group
Schedule of General Fixed Assets - By Function and Activity

City of Manchester, New Hampshire
June 30, 1998

	Land	Buildings	Improvements other than buildings	Equipment	Vehicles	Total
<u>General Government</u>						
Assessors				\$14,234		\$14,234
Building				34,837	\$138,312	173,149
City Clerk	\$3,822	\$90,304		244,830	28,794	367,750
City Solicitor				41,873		41,873
Economic Development Office				1,561		1,561
Elderly Services				45,922		45,922
Finance	105,000			144,339	0	249,339
Information Systems				2,742,653	14,375	2,757,028
Mayor				9,101	19,495	28,596
Personnel				20,380		20,380
Planning	46,017	769,972		112,795		928,784
Public Buildings	81,975	658,085		170,905	326,296	1,237,261
Tax Collector				33,159		33,159
Youth Services				24,416		24,416
Total General Government	236,814	1,518,361	0	3,641,005	527,272	5,923,452
<u>Public Safety</u>						
Fire Protection	669,472	4,629,285	\$58,681	1,329,015	5,650,767	12,337,220
Police Protection	96,616	3,449,769	52,716	1,508,572	1,001,022	6,108,695
Total Public Safety	766,088	8,079,054	111,397	2,837,587	6,651,789	18,445,915
<u>Health and Sanitation</u>						
Cemetery	98,812	304,265		605,166	202,350	1,210,593
Health				198,746	128,535	327,281
Total Health and Sanitation	98,812	304,265	0	803,912	330,885	1,537,874
<u>Highway and Streets</u>						
Highway	109,283	1,293,948	814,565	1,391,538	5,301,578	8,910,912
Traffic	3,692,666	15,642,972	1,736,207	1,892,123	334,889	23,298,857
Total Highway and Streets	3,801,949	16,936,920	2,550,772	3,283,661	5,636,467	32,209,769
<u>Welfare</u>						
Welfare	27,489	109,955		65,201		202,645
Total Welfare	27,489	109,955	0	65,201	0	202,645
<u>Education</u>						
Library	76,270	1,334,211		146,007		1,556,488
School	1,644,773	56,202,248	1,850,215	5,480,890	113,176	65,291,302
School Food & Nutrition				987,260	24,736	1,011,996
Total Education	1,721,043	57,536,459	1,850,215	6,614,157	137,912	67,859,786
<u>Parks and Recreation</u>						
Parks & Recreation	4,404,236	1,483,757	3,763,709	2,429,888	460,584	12,542,174
Total Parks and Recreation	4,404,236	1,483,757	3,763,709	2,429,888	460,584	12,542,174
Construction in Progress		14,230,406	885,482			15,115,888
Total General Fixed Assets Allocated to Functions	\$11,056,431	\$100,199,177	\$9,161,575	\$19,675,411	\$13,744,909	\$153,837,503

General Fixed Assets Account Group
Schedule of Changes in General Fixed Assets - By Function and Activity

City of Manchester, New Hampshire
Year Ended June 30, 1998

	General Fixed Assets Beginning of Year	Additions	Deductions	Transfers	General Fixed Assets End of Year
<u>General Government</u>					
Assessors	\$32,696			(\$18,462)	\$14,234
Building	254,810	\$37,419	(\$20,430)	(98,650)	173,149
City Clerk	373,391	13,002		(18,643)	367,750
City Solicitor	67,633			(25,760)	41,873
Economic Development Offi	3,716			(2,155)	1,561
Elderly Services	46,946			(1,024)	45,922
Finance	320,243		(8,963)	(61,941)	249,339
Information Systems	2,169,288	493,319	(131,349)	225,770	2,757,028
Mayor	30,216			(1,620)	28,596
Personnel	27,272			(6,892)	20,380
Planning	885,663	45,000	(478)	(1,401)	928,784
Public Buildings	1,662,200	135,652	(652,170)	91,579	1,237,261
Tax Collector	41,514			(8,355)	33,159
Youth Services	17,219			7,197	24,416
Total General Government	5,932,807	724,392	(813,390)	79,643	5,923,452
<u>Public Safety</u>					
Fire Protection	12,291,104	96,637	(44,091)	(6,430)	12,337,220
Police Protection	5,877,757	684,918	(201,676)	(252,304)	6,108,695
Total Public Safety	18,168,861	781,555	(245,767)	(258,734)	18,445,915
<u>Health and Sanitation</u>					
Cemetery	1,188,549	3,207		18,837	1,210,593
Health	329,055	54,111	(48,022)	(7,863)	327,281
Total Health and Sanitation	1,517,604	57,318	(48,022)	10,974	1,537,874
<u>Highway and Streets</u>					
Highway	8,814,552	236,154	(216,622)	76,828	8,910,912
Traffic	23,231,404	35,735	(334)	32,052	23,298,857
Total Highway and Streets	32,045,956	271,889	(216,956)	108,880	32,209,769
<u>Welfare</u>					
Welfare	187,994			14,651	202,645
Total Welfare	187,994	0	0	14,651	202,645
<u>Education</u>					
High School Athletics	0				0
Library	1,561,494			(5,006)	1,556,488
School	64,391,944	884,725		14,633	65,291,302
School Food & Nutrition	975,599	36,397			1,011,996
Total Education	66,929,037	921,122	0	9,627	67,859,786
<u>Parks and Recreation</u>					
Parks & Recreation	11,337,737	1,234,164	(64,686)	34,959	12,542,174
Total Parks and Recreation	11,337,737	1,234,164	(64,686)	34,959	12,542,174
Construction in Progress	3,373,703	11,742,185			15,115,888
Total General Fixed Assets Allocated to Functions	\$139,493,699	\$15,732,625	(\$1,388,821)	\$0	\$153,837,503



This Page Intentionally Left Blank

STATISTICAL SECTION



This Page Intentionally Left Blank

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Health and Sanitation	Highway and Streets	Welfare
1988	\$ 15,198,302	\$ 17,139,466	\$ 1,844,007	\$ 10,646,448	\$ 1,379,334
1989	16,652,036	18,971,267	1,946,295	11,064,877	1,263,163
1990	16,306,790	21,171,721	1,901,307	10,482,883	1,547,382
1991	17,927,583	22,172,950	1,665,330	10,250,695	1,476,057
1992	13,513,627	23,169,625	2,397,552	11,559,540	1,287,494
1994 (2)	23,632,081	35,347,208	3,584,951	20,668,958	1,799,492
1995	13,024,281	23,949,556	2,412,168	13,238,142	1,089,981
1996	14,047,737	24,822,918	2,356,684	14,468,980	1,118,771
1997	11,878,493	25,163,363	2,451,268	16,126,906	1,035,032
1998	11,469,775	27,063,571	2,544,046	16,538,533	1,524,002

Notes _____

- (1) Includes the General Fund only.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (3) Beginning in 1991 the City accounted for the County Tax through an Agency Fund
- (4) Beginning in fiscal 1995 many recreation functions were accounted for in the Enterprise Fund

Education	Parks and Recreation	County Tax (3)	Debt Service	Total Expenditures
\$ 44,788,371	\$ 2,638,127	\$ 6,831,727	\$ 10,674,411	\$ 111,140,193
50,647,405	2,597,689	7,327,474	8,904,050	119,374,256
55,059,832	2,626,736	7,370,837	9,118,033	125,585,521
57,836,148	2,505,746	0	8,721,391	122,555,900
60,590,951	2,558,570	0	9,893,001	124,970,360
94,826,842	3,779,205	0	17,505,727	201,144,464
65,080,717	1,088,965 (4)	0	15,501,374	135,385,184
70,883,458	1,166,400	0	15,290,065	144,155,013
69,740,141	1,158,885	0	16,872,450	144,426,538
78,409,488	1,169,744	0	16,164,151	154,883,310

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Taxes	Federal and State	Charges for Sales and Services	Licenses and Permits
1988	\$ 80,382,495	\$ 10,881,656	\$ 10,149,650	\$ 8,334,769
1989	84,093,940	11,083,327	10,804,605	8,547,986
1990	91,256,575	10,622,419	11,843,467	8,188,331
1991	92,751,472	10,824,216	10,948,656	7,619,777
1992	96,384,724	11,298,841	10,383,221	7,866,756
1994 (2)	100,952,145	17,704,791	17,388,372	13,116,970
1995	95,650,105	13,191,242	10,795,404	10,192,255
1996	100,570,543	13,645,131	11,120,727	11,120,727
1997	103,951,582	14,354,349	11,578,643	13,802,836
1998	107,223,578	18,769,545	13,711,063	14,129,835

Notes

(1) Includes the General Fund only.

(2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

Interest	Other	Total Revenues
\$ 1,046,867	\$ 3,452,546	\$ 114,247,983
1,319,351	2,716,637	118,565,846
938,890	2,919,505	125,769,187
738,442	2,171,024	125,053,587
569,787	1,446,946	127,950,275
1,752,094	5,086,908	156,001,280
1,856,668	3,200,885	134,886,559
2,426,075	2,969,759	141,852,962
2,342,522	3,100,525	149,130,457
2,008,604	1,403,320	157,245,945

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Taxes Collected	Delinquent Tax Collections (1)
1988	\$82,212,996	\$74,941,773	91.16%	\$4,574,460
1989	84,767,719	74,895,368	88.35%	4,916,902
1990	94,239,561	81,983,196	86.99%	6,957,724
1991	101,054,922	83,394,624	82.52%	9,934,709
1992	104,807,584	90,504,074	86.35%	16,443,970
1994 (2)	105,408,690	100,530,691	95.37%	16,428,716
1995	106,908,274	102,767,174	96.13%	7,196,199
1996	106,457,759	103,886,028	97.58%	4,683,658
1997	113,630,813	110,590,166	97.32%	3,464,940
1998	114,851,627	112,425,511	97.89%	2,869,480

Notes

- (1) Actual collections of levy, including additional warrants (less refunds), and amounts refundable, including proceeds from tax titles, possessions, abatements and other credits.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

Total Tax Collections (1)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
\$ 79,516,233	96.72%	\$7,272,581	8.85%
79,812,270	94.15%	12,228,030	14.43%
88,940,920	94.38%	17,526,671	18.60%
93,329,333	92.36%	25,252,260	24.99%
106,948,044	102.04%	23,111,800	22.05%
116,959,407	110.96%	11,561,083	10.97%
109,963,373	102.86%	8,505,985	7.96%
108,569,686	101.98%	6,394,058	6.01%
114,055,106	100.37%	5,969,765	5.25%
115,294,991	100.39%	5,526,401	4.81%

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	RESIDENTIAL REAL PROPERTY		NON-RESIDENTIAL REAL PROPERTY	
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value
1988	\$ 437,863,413	\$ 2,436,333,534	\$ 391,399,687	\$2,243,636,920
1989	445,542,120	2,348,248,981	398,561,915	2,163,902,037
1990	448,425,196	2,032,236,880	406,763,159	1,898,577,248
1991	2,221,142,045	2,174,937,355	1,751,508,205	1,760,083,262
1992 (3)	2,179,653,000	1,951,464,973	1,666,868,000	1,538,463,493
1994 (4)	2,181,699,800	1,885,184,683	1,591,546,500	1,417,626,676
1995	2,189,624,800	1,832,332,667	1,546,090,000	1,333,994,744
1996	2,206,316,800	1,843,933,159	1,472,233,100	1,269,166,466
1997	2,235,464,700	1,927,124,741	1,457,283,600	1,256,278,966
1998	2,259,471,600	2,072,909,725	1,465,117,900	1,344,144,862

Notes

- (1) Exemptions for the blind and elderly.
- (2) Amounts shown are net taxable assessed values after deducting exemptions for the blind and elderly.
- (3) The 1991 valuation numbers are based on the Citywide revaluation completed in that year.
- (4) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

Exemptions (1)	TOTAL		Ratio of Total Assessed Value to Total Estimated Market Value
	Assessed Value (2)	Estimated Market Value	
\$ 12,848,040	\$ 816,415,060	\$ 4,679,970,454	17.44%
13,025,955	831,078,080	4,512,151,018	18.42%
13,025,955	842,162,400	3,930,814,128	21.42%
56,800,900	3,915,849,350	3,935,020,617	99.51%
65,313,250	3,781,207,750	3,489,928,466	108.35%
65,233,500	3,708,012,800	3,302,811,359	112.27%
65,964,850	3,669,749,950	3,166,327,411	115.90%
67,420,550	3,611,129,350	3,113,099,625	116.00%
68,416,750	3,624,331,550	3,183,403,707	113.85%
60,331,000	3,664,258,500	3,417,054,587	107.23%

**Special Assessment Billings and Collection -
Central Business District
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Assessment Billings</u>	<u>Current Collections</u>	<u>Percent of Billings Collected</u>	<u>Delinquent Assessment Collections</u>
1988	\$ 20,553	\$ 17,103	83.21%	\$ 16,962
1989	20,553	16,098	78.32%	3,450
1990	0	0	0.00%	4,455
1991	24,003	13,833	57.63%	0
1992	31,624	17,202	54.40%	10,170
1994 (1)	35,577	35,577	100.00%	14,422
1995	40,600	40,600	100.00%	0
1996	180,374	180,108	99.85%	0
1997	150,272	149,300	99.35%	164
1998	167,176	155,238	92.86%	0

Notes

(1) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion

<u>Total Collections</u>	<u>Total Collections as a Percent of Total Billings</u>	<u>Outstanding Delinquent Assessments</u>	<u>Ratio of Delinquent Assessments to Total Billings</u>
\$ 34,065	165.74%	\$ 3,450	16.79%
19,548	95.11%	4,455	21.68%
4,455	0.00%	0	0.00%
13,833	57.63%	10,170	42.37%
27,372	86.55%	14,422	45.60%
49,999	140.54%	0	0.00%
40,600	100.00%	0	0.00%
180,108	99.85%	266	0.15%
149,464	99.46%	1,074	0.71%
155,238	92.86%	1,074	0.64%

REAL PROPERTY TAX RATES

Fiscal Year	Rate per thousand (1)
1988	100.70
1989	102.30
1990	112.20
1991	25.87 (2)
1992	27.78
1994 (3)	28.55
1995	28.66
1996	29.63
1997	30.84
1998	31.16

Notes

- (1) Rates are based on assessed value of property. Assessment rate for real property is 100% percent.
- (2) 1991 tax rate reflects the new assessed valuation determined through a Citywide valuation.
- (3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

<u>Base Valuation - Real Estate</u>		<u>\$3,599,537,339</u> *
<u>Legal Debt Limit (City):</u>		
9.75% of Base Valuation		\$350,954,891
Amount of Debt Applicable to Legal Debt Limit:		
Total Bonded Debt for General Government	\$121,252,679	
Less: Debt for fiscal year conversion	31,451,425	
Less: Debt for urban redevelopment	6,607,196	83,194,058
		<u>\$267,760,833</u>
Legal Debt Limit - City		
<u>Legal Debt Margin:</u>		
Percent of:		
Legal Debt Margin Outstanding	23.7%	
Legal Debt Margin Available	76.3%	
	<u>100.0%</u>	
<u>Legal Debt Limit (School):</u>		
7% of Base Valuation		\$251,967,614
Amount of Debt Applicable to Legal Debt Limit:		
Debt for School Purposes		30,288,407
		<u>\$221,679,207</u>
Legal Debt Limit - School		
<u>Legal Debt Margin:</u>		
Percent of:		
Legal Debt Margin Outstanding	12.0%	
Legal Debt Margin Available	88.0%	
	<u>100.0%</u>	
<u>Legal Debt Limit (Water and Waste Water):</u>		
10% of Base Valuation		\$359,953,734
Amount of Debt Applicable to Legal Debt Limit:		
Debt for water projects	\$6,628,952	
Debt for sewer projects	28,847,557	35,476,509
		<u>\$324,477,225</u>
Legal Debt Limit - Water & Wastewater		
<u>Legal Debt Margin:</u>		
Percent of:		
Legal Debt Margin Outstanding	9.9%	
Legal Debt Margin Available	90.1%	
	<u>100.0%</u>	
<u>Summary of Base Valuation:</u>		
1997 Net Local Assessed Valuation		\$3,664,258,500
State of New Hampshire Dept. of Revenue Administration Inventory Adjustment		(244,377,682)
State of New Hampshire Dept. of Revenue Administration Shared Revenue Adjustment		179,656,521
		<u>\$3,599,537,339</u>

* The general debt limit of the City is 9.75% of base valuation. The base valuation for computing the debt limit is determined by adding the amount of taxable property lost to cities, towns and districts as a result of the enactment of the State Business Profit Tax Law to the "equalize assessed valuation". Not more than 7% of the base valuation may be incurred for school purposes. Water and sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by legislative acts rather than the general municipal finance statutes are sometimes excluded from a city or town's debt limit.

**Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt
1988	100,600	\$ 816,415,060.00	\$ 68,674,006.00
1989	101,960	831,078,080	81,071,006
1990	99,332	842,162,400	75,008,005
1991	98,722	3,915,849,350	87,520,005
1992	99,567	3,781,207,750	122,330,478
1994 (3)	101,039	3,708,012,800	175,916,541
1995	100,668	3,669,749,950	183,319,614
1996	101,900	3,611,129,350	201,193,606
1997	102,675	3,624,331,550	185,624,973
1998	103,330	3,664,258,500	196,451,555

Notes

- (1) Population figures acquired from State of New Hampshire, Planning Department.
- (2) From Table IV.
- (3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

Debt Payable from Enterprise Revenues	Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
\$ 16,417,000.00	\$ 52,257,006.00	6.40%	\$ 519.45
26,059,000	55,012,006	6.62%	539.54
25,683,500	49,324,505	5.86%	496.56
24,818,000	62,702,005	1.60%	635.14
64,425,408	57,905,070	1.53%	581.57
64,160,633	111,755,908	3.01%	1,106.07
81,919,281	101,400,333	2.76%	1,007.27
83,240,962	117,952,644	3.27%	1,157.53
79,118,458	106,506,515	2.94%	1,037.32
75,198,876	121,252,679	3.31%	1,173.45

**Ratio of Annual Debt Service Expenditures for General Obligation
Bonded Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years**

**City of Manchester, New Hampshire
Table IX**

Fiscal Year	Total General Governmental Expenditures	Bonded Debt Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1988	\$111,140,193	\$10,674,411	9.60%
1989	119,374,256	8,904,050	7.46%
1990	125,585,521	9,118,033	7.26%
1991	122,555,900	8,721,391	7.12%
1992	124,970,360	9,893,001	7.92%
1994 (3)	201,144,464	17,505,727	8.70%
1995	135,385,184	15,501,374	11.45%
1996	144,155,013	15,290,065	10.61%
1997	144,426,538	16,872,450	11.68%
1998	154,883,310	16,164,151	10.44%

Notes

- (1) Includes the General Fund only.
- (2) General obligation bonds reported in enterprise funds have been excluded.
- (3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

DIRECT DEBT:

School	\$30,288,407
Parking Facilities	4,226,782
Urban renewal	6,607,196
Fiscal Year Conversion	31,451,425
Other	<u>48,678,869</u>
	<u>\$121,252,679</u>

OVERLAPPING DEBT:

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>City Estimated Share (1)</u>	
		<u>%</u>	<u>\$ Amount</u>
Hillsborough County (2)	\$5,600,000	21.65%	\$1,212,400

Notes

- (1) Estimated share and dollar amount of outstanding debt based upon City's share of total 1997 assessments to member communities.
- (2) Source: Hillsborough County Treasurer. Share varies on basis of most recent equalized assessed valuation as determined by the State Department of Revenue Administration of New Hampshire. Estimated share shown here is based on the 1997 equalized assessed valuation.

**Revenue Bond Coverage
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Expenses (1)	Net Revenue Available for Debt Service
1988	0	0	0
1989	0	0	0
1990	0	0	0
1991	0	0	0
1992	0	0	0
1994 (2)	\$9,143,656	\$7,276,891	\$1,866,765
1995	8,898,791	5,710,017	3,188,774
1996	9,327,954	5,989,549	3,338,405
1997	10,464,648	6,335,497	4,129,151
1998	14,748,387	9,172,219	5,576,168

Notes

- (1) Exclusive of depreciation and bond interest.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (3) Amount required at year end to fund the O&M Reserve (equal to three months of operations and maintenance expense).

REQUIREMENTS				
Principal	Interest	O&M Reserve (3)	Total	Coverage
0	0	0	0	N/A
0	0	0	0	N/A
0	0	0	0	N/A
0	0	0	0	N/A
0	0	0	0	N/A
\$255,000	\$900,954	\$240,789	\$1,396,743	1.34
580,000	2,690,622	744,489	4,015,111	0.79
667,500	2,661,645	664,304	3,993,449	0.84
702,500	2,626,584	0	3,329,084	1.24
740,000	2,588,280	0	3,328,280	1.68

**Ratio of Bonded Debt Expenditures to Local Revenues (1)
Last Ten Fiscal Years**

**City of Manchester, New Hampshire
Table XII**

Fiscal Year	Local Revenues	Bonded Debt Expenditures	Ratio of Bonded Debt Expenditures To Local Revenues
1988	103,366,327	10,674,411	10.33%
1989	107,482,519	8,904,050	8.28%
1990	115,146,768	9,118,033	7.92%
1991	114,229,371	8,721,391	7.63%
1992	116,651,434	9,893,001	8.48%
1994 (2)	138,527,744	17,505,727	12.64%
1995	121,695,317	15,501,374	12.74%
1996	128,162,993	15,290,065	11.93%
1997	134,776,108	16,872,450	12.52%
1998	138,476,400	16,164,151	11.67%

Notes

- (1) Includes the General Fund only.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

Fiscal Year	Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
1988	100,600	\$22,913	13,775	2.40%
1989	101,960	23,852	13,735	3.50%
1990	99,332	25,259	13,754	5.60%
1991	98,722	25,698	14,367	7.20%
1992	99,490	24,988	14,597	7.50%
1994	101,039	23,704	15,032	6.60%
1995	100,668	25,400	15,355	4.60%
1996	101,900	26,526	16,587	4.00%
1997	102,675	26,615	16,791	2.90%
1998	103,330	27,806	17,104	2.70%

Source

- (1) State of New Hampshire, Planning Department
- (2) U.S. Department of Commerce, Bureau of Economic Analysis
- (3) School Department
- (4) State of New Hampshire, Economic and Labor Market Information Bureau

<u>Fiscal Year</u>	<u>Commercial Construction Value</u>	<u>Residential Construction Value</u>	<u>Total Construction Value (1)</u>	<u>Bank Deposits (2)</u>	<u>Airport Tonnage (3)</u>
1988	\$ 28,464,427	\$ 61,621,091	\$ 90,085,518	\$ 4,447,023	5,418
1989	19,897,089	26,269,885	46,166,974	4,646,675	25,327
1990	7,014,000	23,757,976	30,771,976	4,313,205	22,953
1991	33,112,010	9,736,776	42,848,786	4,042,659	25,934
1992	3,000,860	12,536,610	15,537,470	2,221,554	25,934
1994 (4)	7,628,500	12,482,470	20,110,970	8,415,277	68,889
1995	7,904,712	30,400,084	38,304,796	(5)	51,774
1996	32,708,609	31,213,466	63,922,075	(5)	59,736
1997	57,985,836	35,906,571	93,892,407	(5)	57,350
1998	77,795,198	34,376,918	112,172,116	(5)	65,513

Notes

(1) City of Manchester, Building Department

(2) Source: Sheshunoff Reports and State Banking Commissioner

1986 through 1993 are Manchester deposits only. 1994 represents state-wide amounts. Individual municipal breakdowns are not available at this time.

(3) City of Manchester, Airport Authority.

(4) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

(5) Unavailable

<u>Name of Business</u>	<u>Type of Business</u>	<u>Real Property Assessed Value</u>	<u>% of Total Assessed Value</u>
Manchester Mall Realty Trust	Retail Mall	\$68,500,000	1.80%
Public Service Company of New Hampshire	Utility	56,160,400	1.48%
Energy North Natural Gas, Inc.	Utility	32,397,500	0.85%
IPC Office Properties, LLC	Corporate Complex	21,253,600	0.56%
New England Mutual Life Insurance Company	Insurance	16,954,000	0.45%
Countryside Limited Partnership	Apartment Complex	14,514,500	0.38%
New England Telephone & Telegraph Co.	Utility	14,480,100	0.38%
N.H. Vermont Health Services Blue Cross Blue Shield	Medical Insurance	13,412,400	0.35%
Washington Park Associates	Apartment Complex	13,079,700	0.34%
May Center Associates Corp.	Retail Store	13,063,700	0.34%
East Side Realty Trust	Real Estate Development	<u>12,750,000</u>	<u>0.34%</u>
		<u>\$276,565,900</u>	<u>7.27%</u>

Source

City of Manchester, Board of Assessor

**Governmental Expenditures Per Capita (1)
Last Ten Fiscal Years**

Fiscal Year	Population	General Government	Public Safety	Health and Sanitation	Highway and Streets
1988	100,600	\$151	\$170	\$18	\$106
1989	101,960	163	186	19	109
1990	99,332	164	213	19	106
1991	98,722	182	225	17	104
1992	99,490	136	233	24	116
1994 (3)	101,039	156	233	24	136
1995	100,668	129	238	24	132
1996	101,900	138	244	23	142
1997	102,675	116	245	24	157
1998	103,330	111	262	25	160

Notes

(1) Includes the General Fund only.

(2) Beginning in 1991 the City accounted for the County Tax through an Agency Fund.

(3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

City of Manchester, New Hampshire
Table XVI

Welfare	Education	Parks and Recreation	(2) County Tax	Debt Service	Total
\$14	\$445	\$26	\$68	\$106	\$1,104
12	497	25	72	87	1,170
16	554	26	74	92	1,264
15	586	25	0	88	1,242
13	609	26	0	99	1,256
12	626	25	0	116	1,328
11	646	11	0	154	1,345
11	696	11	0	150	1,415
10	679	11	0	164	1,406
15	759	11	0	156	1,499

Date of Incorporation	June 1846
Form of Government	Mayoral
Number of employees:	
City	1,287
School	1,574
Area in square miles	33.906
Number of registered voters	42,925
Total population	103,330
Total number of properties	30,597
Total taxable properties	29,446
Total tax-exempt properties	1,151
Manchester, New Hampshire facilities and services:	
Miles of streets	380
Number of street lights	8,596
Culture and recreation:	
Golf course	1
Ski area	1
Parks	73
Park acreage	1,222
Athletic fields, basketball and tennis courts	144
Indoor ice arenas	2
Fire Department:	
Number of stations	9
Number of fire personnel and officers	244
Number of fire/hazardous condition calls	4,475
Number of emergency medical service calls	7,869
Police Protection:	
Number of stations	2
Number of police personnel and officers	268
Number of motorized patrol units	49
Number of bike patrol units	16
Total number of arrests	6,849
Total number of calls for service	89,484
Sewerage System:	
Miles of sanitary sewers	226
Sewage pumping stations	14
Number of service connections	23,587
Water System:	
Miles of water mains	458
Number of service connections	28,587
Number of fire hydrants	3,056
Daily average consumption in gallons	15,971,000
Education:	
Number of elementary schools	15
Number of secondary schools	8
Number of full time equivalent instructors K-12	1,150
Airport:	
Number of employees	50
Number of enplanements (calendar 1997)	559,741
Number of carriers	7